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16 December 1985

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ETHIOPIA .

PRESIDENT REAGAN'S U.N. STATEMENTS REJECTED

Addis Ababa THE ETHIOPIAN HERALD in English 1 Nov 85 p 2

[Editorial: "Hands Off Ethiopia!"]

[Text]

Socialist Ethiopia has denounced the policy of interference and aggression pursued by the Reagan Administration. A statement issued Wednesday by the Ministry of Foreign Affairs of Socialist Ethiopia said that President Reagan's recent statement before the UN General Assembly meeting has made it clearer than ever before that the present US administration is intensifying its policy of interference and aggression.

The statement rightly noted that President Reagan's bellicose policy has been laid bare by a number of developments. Citing a few of these, the Foreign Ministry statement referred to Mr. Reagan's declaration of war on the people of Nicaragua, his muffling of the popular struggle in El Salvador, the US invasion of Grenada, Washington's support to the fascist regimes in Chile, South Africa as well as, delaying Namibia's decolonization and fanning the problem in the Middle East.

With particular reference to President Reagan's hostile reference to five revolutionary countries including Ethiopia, the statement said this is to be rejected since it not only challenges the right of peoples to choose their own destiny but is also tantamount to endorsing oppression and exploitation. As regards the Horn of Africa, it further noted that President Reagan is creating favourable conditions for terrorists and expansionists by establishing new military bases which threaten world peace and stability. Besides, the Foreign Ministry statement pointed out, the present US administration is using the humanitarian aid being provided by the Amer-

ican people to tackle the drought problem in Revolutionary Ethiopia as a political tool and is violating the nation's border by being party to a political crime involving the airlift of thousands of fellow Ethiopians from Sudan to Israel.

This is not the first time that Reagan Administration has unveiled its policy of war-mongering and interference. The present US administration is known for its hatred of popular movements, anywhere in the world, that seek to bring about the realization of social justice, equality and genuine freedom. One needs only to refer to the whole series of plots and intrigues masterminded by the most reactionary imperialist circle aimed at undermining the revolutionary process in Africa, Asia and Latin America. Wasn't it Mr. Reagan who gave the go-ahead signal for the US invasion of Grenada — a very small country in Central America — simply because the people of Grenada wanted to be master of their destiny? How about Washington's support to the apartheid regime in South Africa — completely discredited in the eyes of the international community? Ironically enough, the Reagan Administration qualifies Pretoria as a "strategic ally", which policy represents an open contempt for the most elemental notions of responsibility to fight a system, which has been categorized by the United Nations as a crime against humanity, that is to say apartheid.

The present US administration advocates the discredited policy of so-called constructive engagement with racist South Africa, which is nothing but an engagement for the upkeep of a tyrannical regime perpetuating human degradation. Has the pursuit of such policy brought any nearer the termination of Apartheid oppression and murder in southern Africa? Far from it. The world is today witnessing one of the worst forms of denial of fundamental human rights and freedoms in South Africa under the blood-thirsty Botha regime. It is this glaring paradox of our time and related anomalies that President Reagan should condemn outright instead of indulging in hypocritical acts of pretending to champion the cause of peace and progress in the world.

The Ethiopian Revolution itself has been the target of imperialist conspiracy which continues right to the present moment. Whereas it remains the firm resolve of the Ethiopian masses and

their revolutionary leadership to do away with the ugly legacies of the feudal past, the imperialists seek to derail our victorious march to a just social order and thus once again place this country and her people under their sphere of domination. But this the present generation of Revolutionary Ethiopia shall never allow to happen. And it is this very fact that the forces of world imperialism and their cohorts should recognize. Hands off Ethiopia !

/13104

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ETHIOPIA

BLOOD SUBSTITUTE DONATED BY SOVIETS

Addis Ababa THE ETHIOPIAN HERALD in English 2 Nov 85 pp 1, 5

[Text] The Ministry of Health got a donation of 4,000 bags of blood substitution (Polyglukin), which was handed at a function held in the premises of the Dejazmatch Balcha Hospital yesterday.

The gift was received by Comrade Bellege Mekuria, Head of the Department of Finance and Administration of the Ministry of Health. In a brief remark made on the occasion Comrade Bellege expressed his appreciation for the donation adding that this was not the first time that the Executive Committee of the Red Cross and Red Crescent Societies of the USSR has extended assistance to the Ethiopian people.

Comrade Bellege related further that the Dejazmatch Balcha Hospital, which was set up in 1947 by the Soviet Red Cross and Red Crescent Societies has been rendering its services to the Ethiopian people during the past 38 years and continues to do so even today. He said this is ample demonstration of the close links and working relationship existing between the two countries. He said the blood substitution will be used in the treatment of compatriots suffering from various ailments and once again thanked the donors. The donation is estimated worth 80,000 birr.

The presentation of the donation was made by Dr. Anatoli Ramikov, Director General of Dej. Balcha Hospital, member of the Executive Committee of the Red Cross and Red Crescent Societies of the USSR and Candidate of Medical Sciences. In a brief speech delivered on the occasion, Dr. Ramikov said the donation is meant for humane purposes in providing treatment to those people in serious health condition and badly in need of blood. He stressed that the donation will serve for the further strengthening of the friendship between the Soviet and the Ethiopian peoples.

The Dej. Balcha Hospital is manned by 90 Soviet staff, comprising doctors and nurses and Ethiopian personnel numbering 230. The hospital has 240 beds for in-patients. The hospital gives wide-range of services to patients both in the in-patient and out-patient departments. It has Medical, Surgical, Infectious Diseases as well as Intensive Care Units. The Out-Patient Department provides specialized services in such fields as gynaecology, surgery, ENT, dermatology, ophthalmology, pediatrics, dentistry, medical exercises, massage and acupuncture.

ETHIOPIA

EXPANSION OF POSTAL SERVICES NOTED

Addis Ababa THE ETHIOPIAN HERALD in English 3 nov 85 pp 1, 6

[Article by Melese Telahoun]

[Text] The number of post offices in Ethiopia has grown from 502 ten years ago to 879 at present. This is a growth by 75% in the past ten years. This tremendous growth is the outcome of the efforts made by the Party and revolutionary government of Socialist Ethiopia.

Disclosing this in an interview, Comrade Gezahegn Gebre Wold, General Manager of the Ethiopian Postal Office said that although a lot remains to be done by way of expanding postal services to the broad masses in accordance with the norms charted by the office of Universal Postal Union, there is no area in the country where postal services are not available.

The General Manager noted that efficient and adequate postal services are rendered to members of the revolutionary army in the nation's borders and in the rehabilitation areas.

Comrade Gezahegn said that the Ethiopian Postal Service became a member of the Universal Postal Union 77 years ago. Ever since efforts have been made to consolidate its international relations and expand its services to the Ethiopian broad masses. Revolutionary Ethiopia was Deputy Chairman of the 19th Congress of the Uni-

versal Postal Union which was held in Hamburg in the Federal Republic of Germany in July 1984. In view of the active participation of the Ethiopian delegation during the Congress, Ethiopia was elected by majority vote the permanent member of the Executive Council and Chairman of the Technical Assistance Committee of the Union for the next five years, he stated.

At the continental level Ethiopia has been elected Deputy Chairman of the Pan African Postal Union and permanent member of the Union's Executive Council for four years.

Comrade Gezahegn went on to say that in full realization of the efforts made by the Ethiopian Postal Service, the office of the Universal Postal Union and its members provide financial and material assistance, skilled manpower and scholarship. A lot of work has already been accomplished through the utilization of such assistance. Many of the staff members of the Service have already received training and are at present rendering efficient services along modern lines.

In order to meet the norms charted by the Universal Postal Union, that is to render postal services to 10,000 to

20,000 people there are plans to mobilize the full co-operation of government and mass organizations. Attention will be focused on improving the quality of postal services and the training of personnel with a view to enabling them to render more efficient services.

In accordance with the directives issued by WPE and the revolutionary Government, regional Postal Office are being established in all the zonal offices. In the very near future Postal offices will be established in Bahr Dar and Dessie towns. Postal money order and

postal order services will be further expanded in the various post offices.

Comrade Gezahegn also said the necessary preparations are being made to establish postal clubs in senior high schools of the country where REYAs are well established through which postal services can be rendered and thereby cultivate in the youth the tradition of exchanging letters and get them acquainted with postal services. When these plans are translated into fruitful action, there is no doubt that postal services will be rendered in a continuous and reliable manner, he concluded.

/13104

CSO: 3400/499

ETHIOPIA

SUGAR FACTORY PRODUCTION FIGURES GIVEN

Addis Ababa THE ETHIOPIAN HERALD in English 1 Nov 85 pp 1, 4

[Article by Makonnen Haile]

[Text] The three factories at Wonji, Shoa and Metahara are expected to turn out 1.85 million quintals of sugar, in keeping with the target set for the 1985-86 production year, the Public Relations Office of the Ethiopian Sugar Corporation disclosed here yesterday.

The combined output of the three plants in 1984-85 was slightly more than 1.8 million quintals, with more than 1 million quintals accounting for the share of the Metahara Sugar Factory. Wonji and Shoa jointly produced around 737,000 quintals.

The Public Relations Office said the Wonji and Shoa factories have a combined crushing capacity of 3,070 tons of cane per day, thus bringing the annual total to 700,000 tons. The two plants also produce 319 tons of sugar per day. The Metahara plant has a crushing capacity of 5,000 tons of cane per day, which could possibly be raised to 6,000 tons in future.

Wonji was the first factory that went into operation in 1953-54 and its annual output then was 26,614 quintals of sugar. The number of workers at the time was 2,625. Today the Wonji Sweet Factory produces 2,400 tons per year.

According to the Public Relations Office, there are plans for expanding the Shoa Sugar Factory in order to cope with the country's growing consumption of sugar, which now stands at an average of 7.5 per cent per annum. The expansion programme is being undertaken as part of the country's Ten-year Perspective Plan. The factory has a crushing capacity of 1,650 tons of cane per day.

Under the planned expansion scheme of the Shoa Sugar Factory, already 6,000 hectares have been set aside, out of which 4,600 hectares will be used for the cultivation of sugar cane. The expansion work is expected to start in 1978 E.C. and will continue up to 1981 E.C. The project is estimated to cost around 270 million birr, a large portion of which will go to finance the expansion of the milling capacity of the factory and the cultivation of sugar cane.

At the beginning of 1982 E.C. the Shoa Sugar Factory will have a 60 per cent initial increase in output. In 1984 E.C. when the plant starts operating at full capacity it will be able to produce 620,000 quintals of sugar and

220,000 quintals of molasses annually. Its present output is 423,970 quintals of sugar per year.

As further revealed by the Public Relations Office, at this stage the combined total output of the three factories will be 2,484,483 quintals of sugar and 892,623 quintals of molasses. Their total produce today is 1.8 quintals of sugar and 667,549 quintals of molasses.

The Ethiopian Sugar Corporation will also be launching a number of other projects on the basis of the nation's Ten-year Perspective Plan. A feasibility study for a new sugar cane plantation and factory at Finchaa, Wollega region, has been completed. Something like 8,000 hectares of land has been demarcated for the project, out of which 6,000 will be used for sugar cane cultivation. Bid documents are ready and sources of finance are now under consideration.

The Finchaa factory, which will be located 344 kilometres north-west of Addis Ababa, will have an output of more than 1.2 million quintals of sugar and 450,000 quintals of molasses annually by the time it enters peak operation phase. The establishment of the Finchaa plant is expected to create employment opportunities for an estimated 5,000 workers at the initial stage.

The studies for the Finchaa sugar factory began in 1978. The factory is scheduled to go into production at full capacity in 1989-90. Total production at full capacity will be raised

to 1,250,000 quintals after completion of an extension work. The initial output will be 840,000 quintals of sugar per year. An ethanol processing plant of an initial capacity of 8,000 tons and expandable to 12,000 tons per year is envisaged to be annexed to the Finchaa factory.

Molasses is the other export item of the Ethiopian Sugar Corporation. A feasibility study is currently under way for the setting up of an ethanol and bakers' yeast project at Shoa and Wonji factories. When realized that plant can produce 19,000 metric tons of ethanol and 1,100 tons of bakers' yeast, the Public Relations Office further disclosed.

The office also outlines the various amenities enjoyed by workers in all three factories. The aggregate total number of workers is given as 16,148, which figure includes permanent workers, head office and branch staff as well as piece rate and seasonal workers.

On the basis of statistics released by the Public Relations Office, Wonji and Shoa factories have 2,755 permanent and 1,379 piece rate and 2,429 seasonal workers respectively. Metahara has 2,994 permanent, 4,278 piece rate and 1,935 seasonal workers respectively. Staff at the head office and the branches is 378.

Workers in all three factories are entitled to retirement pension, medical care and are covered by an insurance scheme against all kinds of accidents. In respect to medical care, there is a

170-bed fully equipped hospital at Wonji, where workers are being treated free-of-charge. Wonji, Shoa and the Metahara factories each have a polyclinic providing medical service to workers. In addition, there are nine camp clinics functioning at Wonji and Shoa, while another six are located at Metahara.

Education is another area, which is equally given close attention. It is understood that there are schools func-

tioning in all three estates, benefitting both children and adults. The educational system functions all the way from kindergarten to the senior secondary level. The programme is jointly managed by the corporation and the workers' union, while the Ministry of Education is assisting by assigning teachers. The literacy effort also produced good results, the Public Relations Office pointed out.

/13104

CSO: 3400/499

ETHIOPIA

AGRO-INDUSTRY CROP RESEARCH PROMISES BUMPER HARVEST

Addis Ababa THE ETHIOPIAN HERALD in English 31 Oct 85 p 1

[Text] HORO ALELTU (ENA) — The Agro-industry Crop Research in Horo Aleltu district, Wollega region, promises bumper harvest during the current crop season, according to experts.

Comrade Luvic Jacov, chief agronomist of the Yugoslav-assisted research station, said the amount of various crops and vegetables collected on the 100 hectares cultivated so far during the current harvest season was satisfactory and that there are plans to expand the cultivated acreage to 500 hectares. Comrade Jacov told a visiting team of journalists that Horo Aleltu district has enough rainfall and that its terrain and climatic condition were both favourable for crop and vegetable farming, adding that the existence of a rich water system favourable for irrigation agriculture holds great potential for vegetable farming.

The chief agronomist stated that the arrival soon of agricultural machinery

from Yugoslavia will help expedite work at the agro-industry research project.

It was reported during the tour by the journalists that research is under way on selected strains of local and Yugoslav imported maize as well as on various vegetables. The research, which started work seven months ago, is applying modern technology to overcome the problems of flood and high-velocity wind to both of which the area is exposed.

Comrade Abate Mengesha, head of the research station, said on his part that 86.4 million birr of the 100,800,000 birr slated for the project was obtained from the Yugoslav government for the purchase of agricultural machinery and expert service. The remaining 14.4 million birr was allotted by the Revolutionary Government.

It was also reported that 176 kms of feeder roads have been so far built to connect farms within the project area.

/13104  
CSO: 3400/499

ETHIOPIA

NMS SCHEME IMPLEMENTATION REVIEWED

Addis Ababa THE ETHIOPIAN HERALD in English 29 Oct 85 p 1

[Text] Day-long seminars to review the implementation of the first and second round National Military Service scheme and to chart plans for the third round in Sidamo and Arssi regions were held in Awassa and Assela yesterday.

Attended by members of the regional commissariat, police commissioners and administrators of the six provinces and various districts and regional representatives of government agencies and mass organizations, the seminar discussed problems encountered during the previous two rounds.

They also charted plans for effective implementation of the third round.

Comrade Col. Tadesse Ferede, alternate member of the CC of the WPE and the Sidamo region Military Commissar, underlined the responsibilities entrusted upon government and mass organizations in ensuring the implementation of the National Military Service scheme in the region.

Meanwhile, a similar seminar was held in the Arssi regional capital of Assela.

The meeting reviewed problems faced during the past two rounds and mapped out plans for the third round National Military Service scheme in the region.

Opening the meeting, Comrade Sileshi Mengesha, member of the CC of the WPE and First Secretary of the WPE Committee for the region noted that encouraging results have been attained in the past through the active participation of the youth in the National Military Service scheme.

Comrade Lt. Col. Belay Bitew, alternate member of the CC of the WPE and the regional Military Commissar, spoke on his part on formulating a better plan after assessing the shortcomings of the past. (ENA)

/13104  
CSO: 3400/499



ETHIOPIA

DROUGHT, REHABILITATION COMMITTEE ADOPTS ACTION PROGRAM

Addis Ababa THE ETHIOPIAN HERALD in English 29 Oct 85 p 1

[Text] NEKEMPTE (ENA) — The Drought Relief and Rehabilitation Committee of western Ethiopia held a meeting here last Saturday and prepared an action programme for the 1985-86 that would be implemented in Wollega, Kaffa and Illubabor regions.

The meeting was attended by Comrade Negussie Fanta, member of the CC of the WPE and First Secretary of the WPE Committee of Wollega region, Comrade Begashaw Atalay, member of the CC of the WPE and First Secretary of the WPE Committee of Kaffa region, Comrade Simeon Galore member of the CC of the WPE and First Secretary of the WPE Committee of Illubabor region, alternate members of the CC of the WPE, and members of the Drought Relief and Rehabilitation Committee of the three regions.

Addressing the meeting, the first secretaries of regional WPE Committees, outlined what had been achieved in their respective areas to implement the programme of the Political Bureau of the CC of the WPE to withstand and ultimately overcome the drought situation.

They gave reports on concrete achievements in the sphere of rehabilitation with particular reference to agricultural development, construction,

health, transport and the distribution of instruments of production.

Comrade Petros Wantamo, Head of the Western Ethiopia Zonal Planning Office with the rank of Commissioner, elaborated on the targets defined in the 1985-86 plan of action for the region in the field of rehabilitation.

The participants of the meeting went on a tour of inspection in Nekempte town to obtain first-hand experience of the progress of specific projects and institutions.

A similar meeting of the Relief and Rehabilitation Committee of the southern regions was held recently in the assembly hall of the administrative office of Bale region.

The meeting was attended by Comrade Kassahun Tafesse, member of the CC of the WPE and First Secretary of the WPE Committee of Gamo Gofa region, Comrade Girma Habte-Gebriel, member of the CC of the WPE and First Secretary of the WPE Committee of Sidamo region, Comrade Gezahegn Workie, member of the CC of the WPE and First Secretary of the WPE Committee of Bale region, and Comrade Yossef Wolde-Michael, Head of the Southern Ethiopia Zonal Planning Office with the rank of Commissioner. (ENA)

ETHIOPIA

BRIEFS

AGRICULTURAL COLLEGE GRADUATES--Seventy-eight students received here yesterday diplomas upon completion of a two-year course at the Ambo Junior Agricultural College. Certificates were also awarded to teachers, students and workers of the college for their outstanding performances during their service as campaigners in various rehabilitation sites. There certificates, diplomas and special prizes were presented by Comrade Debela Dinsa, member of the CC of the WPE and First Secretary of the WPE Committee of Shoa region, at a ceremony in the assembly hall of the college. Comrade Debela Dinsa urged the course participants to live up to expectation to ensure the success of the villagization scheme in progress in implementation of the resolutions of the second plenum of the CC of the WPE. Comrade Debela Dinsa also handed a trophy to the college dean. Comrade Belay Shiferaw, at the request of the campaigners. The trophy was given to them for their outstanding contribution in rehabilitation centre in Metekel province. Present at the ceremony were Comrade Dr. Taye Gulilat, Commissioner for Higher Education. Comrade Solomon Gebre, member of the CC of the WPE and Head of the Ideological Affairs of the WPE Committee of Shoa region, and other regional WPE Committee members.  
[Text] [Addis Ababa THE ETHIOPIAN HERALD in English 2 Nov 85 p 1] /13104

NMS POLITICAL CADRES GRADUATE--A group of political cadres from the second batch of the National Military Service (NMS) recently graduated on completion of a three-month course in political education at the Tatek Training Centre. Prizes were handed over to the cadres by Comrade Major Faisal Yussuf, alternate member of the CC of the WPE and Head of the Education Section of the Main Political Administration of the Armed Forces of Revolutionary Ethiopia. Comrade Major Faisal urged the cadres, who will serve as political workers, to learn more from books and practices and to build on their present political knowledge. It was stressed at the ceremony that the cadres would effectively contribute their share to the task of laying the foundation for the People's Democratic Republic of Ethiopia. [Text] [Addis Ababa THE ETHIOPIAN HERALD in English 1 Nov 85 p 1] /13104

EDUCATIONAL RADIO--A six-week course for local education-by-radio programme editors of three administrative regions opened here yesterday. Organized by the Educational Mass Media Department of the Ministry of Education, the course is being attended by programme editors from Eritrea, Bale and Wollega regions and will offer practical training in the use of local languages to help promote development activities and indicate solutions to pressing local

problems. Opening the course, Comrade Abebe Berhanu, Acting Head of the Educational Mass Media Department said that 11 educational radio stations are in operation. He said radio programme preparation policy committees have been formed in the regions to oversee the use of local radio stations for promoting socio-economic and political activities. It was meanwhile reported that similar training courses had earlier been organized for education-by-radio programme editors in Shoa, Hararghe and Tigray regions. [Text] [Addis Ababa THE ETHIOPIAN HERALD in English 30 Oct 85 p 1] /13104

TRACTORS DELIVERED--The Agro-Industrial Development Bank yesterday delivered 30 tractors to peasants producers' co-operatives in seven regions as part of its endeavour to promote socialist economic construction. The tractors were bought with finance obtained from the African Development Fund and include a variety of extensive plans of helping co-operatives in order to increase their productivity. He pointed out that as the agricultural machineries were obtained with loans, the co-operatives should handle them with care in order to derive utmost benefit from them. [Text] [Addis Ababa THE ETHIOPIAN HERALD in English 30 Nov 85 p 1] /13104

INCREASED PRODUCTIVITY--The seminar organized to upgrade the proficiency of administrators and workers deployed at zonal agricultural planning offices in line with the new structural setup of the Ministry wound up last Saturday. Closing the seminar, Comrade Tekola Dejene, member of the CC of the WPE and Minister of Agriculture, said that much was expected of the workers of the Ministry in increasing agricultural productivity. Comrade Tekola pointed out that the Ministry has at present close to a 30,000-man workforce and urged the administrative staff to always seek ways on how best to use the available manpower. The Ministry said that close and immediate supervision was essential in order to oversee both the obligations and rights of workers. The Ministry said that close and immediate supervision was essential in order to oversee both the obligations and rights of workers. The five-day seminar was attended by about 88 administration heads. [Text] [Addis Ababa THE ETHIOPIAN HERALD in English 29 Oct 85 p 1] /13104

COFFEE ACREAGE EXPANSION--Field projects to expand coffee acreage in Hararghe region are beginning to show positive results, according to the eastern Ethiopia zonal planning officer. Over 387,840 coffee seedlings were produced at nurseries in the eight coffee producing provinces of the region and planting has been carried out on 42 hectares during the last production year. The zonal planning office said in its annual report that the nursery project during 1977 E.C. surpassed the planned target by seven per cent while that of planting was realized 47 per cent. The respective increase over 1976 E.C. figures were 442 per cent and 123 per cent. The report said Habro province had the least coffee acreage while Wobere province fed the market with the largest quantity of the product. [Text] [Addis Ababa THE ETHIOPIAN HERALD in English 30 Oct 85 p 1] /13104

BEDELE OFFICE COMPLEX--An office complex built at a cost of over 357,000 birr by the inhabitants of three districts in Buno province, Illubabor region, to house mass organizations there started providing service Tuesday. The office complex and a permanent exhibition in Bedele town were opened by Comrade

Simeon Galore, member of the CC of the WPE and First Secretary of the WPE Committee for the region. The exhibition depicts the accomplishments of Buno province in the political, economic and social spheres and was later visited by invited guests. Comrade Simeon meanwhile spearheaded a self-limited campaign to collect harvest at the Deforman resettlement centre in Gumay district in the same region. [Text] [Addis Ababa THE ETHIOPIAN HERALD in English 31 Oct 85 p 1] /13104

ASSAB-HALEB ROAD PROJECT--Work on the Assab-Haleb road project, designed to expedite maritime transport through the opening of various facilities on the island, is progressing fast. The multi-million birr project is 80.5 kms long. 27 kms of which have already been built, its completion will greatly facilitate the Maritime Transport Authority's plans for building a ship maintenance depot, the building of boats and the construction of a maritime training centre. Comrade Yousuf Ahmed, member of the CC of the WPE and Minister of Transport and Communications, Sunday visited work on the project. Work on the 15 kms of the 27kms of the stretch so far completed was described as being the first venture of its kind. Comrade Tadesse Haile-Mariam, head of the Assab-Haleb project, described the complex technical work involved and also said only three months are needed to connect the 330 kms-wide island from one end to the other. Comrade Yousuf said when addressing experts and workers on Haleb island that the completion of the facilities there holds an important place in the expansion of wide-ranging maritime transport activities under way under the close scrutiny of the revolutionary leader. He said considerable significance is thus attached to the Assab-Haleb road project. [Text] [Addis Ababa THE ETHIOPIAN HERALD in English 29 Oct 85 p 1] /13104

REYA DELEGATION RETURNS--A two-man delegation of the Revolutionary Ethiopia Youth Association (REYA) headed by Comrade Demissie Haile, Head of the Ideological Affairs of the Addis-Ababa WPE Committee, returned here Sunday concluding a ten-day working visit to the Republic of Ireland and Northern Ireland. Comrade Demissie said at a press conference that the visit was jointly organized by the World University Service, Ireland (WUS), the International Union of Students and REYA to introduce and provide further information to the Irish Republic on the progress of the Ethiopian Revolution, the drought situation and the measures being taken to find a lasting solution to it and the activities of the Ethiopian youth. During its visits the delegation had talks with representatives of 10 universities in the Republic of Ireland and with three others in Northern Ireland. It also held discussions with officials of the Irish Ministry of Foreign Affairs and the Ministry of Education. Comrade Demissie said that the delegation explained in detail to the Irish public, particularly to the university community, the gains of the revolution and the positive achievements made in the rehabilitation programme. The leader of the delegation said the visit has paved the way for developing fruitful ties between the Ethiopian and Irish youth. [Text] [Addis Ababa THE ETHIOPIAN HERALD in English 29 Oct 85 p 1] /13104

CSO: 3400/499

GHANA

RAWLINGS CALLS FOR FURTHER CIVILIAN COOPERATION

Accra PEOPLE'S DAILY GRAPHIC in English 31 Oct 85 p 1

[Article by Breda Atta Quayson, Yaw Ohene-Manu]

[Text]

**NOW that things are getting better and there is every indication of economic improvement, Ghanaians will have to put in more efforts to build a more solid economic base, the Chairman of the PNDC, Flt. Lt. Jerry John Rawlings has said.**

He said "now is the crucial time when our efforts can lift us into economic recovery and social transformation".

Chairman Rawlings was speaking to workers of Mim Timber Company (MTC) Limited at Mim yesterday.

The Leader of the Revolution said the government and the people of this country have got to a stage where complacency could destroy all that they have laboured to build.

Flt. Lt. Rawlings said examples of self-help, voluntary work and local initiative are multiplying all over the country and pointed out that this is an atmosphere within which the country's progress of social transformation could grow.

The Leader of the Revolution told the Mim workers that they should not delude themselves that the loans the government has been taking would bring about economic recovery.

He said the best Gha-

naians could do is to work and create the conditions and provide the means for economic recovery.

"It is for us to use the available means to increase productivity and efficiency so that we can certainly build up our economy, pay off our debts and then with a sustainable economic base, we can best improve the living standards of the people", he said.

He said if Ghanaians were not ready to seize this opportunity and make the most of it, then we cannot justify the investments being made by government, since they will become nothing but debts and liabilities for our children.

The Chairman said Ahafo is an important producer of cocoa and food crops and progress has been made in the rehabilitation of cocoa farms. The government has also tried to encourage the efforts of farmers by providing inputs, as well as better prices for their produce and access to some of their basic needs.

He stressed that the Mim Timber Company has made great progress not just in stepping up total production for export and domestic use, but also in the reduction of waste in processing and in the careful management of forest resources.

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CSO: 3400/419

GHANA

# RAWLINGS CALLS FOR DEMOCRATIZATION OF CHIEF SELECTION

Accra PEOPLE'S DAILY GRAPHIC in English 1 Nov 85 p 1

[Article by C.S. Buabeng, Breda Atta-Quayson]

[Text]

**SERIOUS consideration should be given to democratizing the selection of chiefs by king-makers.**

This will in a way curb the numerous chieftaincy problems in the country, Chairman J. J. Rawlings, told a mammoth durbar of chiefs and people of Brong-Ahafo in Sunyani on Wednesday.

He said it is regrettable that instead of working out effective strategies for the economic and social advancement of the region, some people have allowed chieftaincy disputes, personal and factional squabbles to impede the people's efforts towards progress and success.

Chairman Rawlings stressed that the nation has come to a point where

something drastic has to be done to prevent this ugly situation from impeding development.

He charged chiefs, youth and identifiable groups to take effective steps to eliminate the factors impeding progress from their midst.

He urged all to be accommodating in their dealings with others so that the region's human and material resources are not wasted.

Chairman Rawlings announced that the Iddrissu Mahama Committee which is examining problems arising from the relationship between Asanteman and Brong-Ahafo will very soon submit its report and assured the durbar that the government would act speedily on its implementation.

He commended cadres in the region for initiating self-help projects and their efforts to check smuggling and the activities of dissidents.

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CSO: 3400/419

GHANA

## INCREASED TIMBER EXPORTS, DECREASED PROFITS BRING PROBE CALLS

London TALKING DRUMS in English 11 Nov 85 p 24

[Text]

The Ghana Timber Association (GTA) has called for a thorough investigation into the declining returns in revenue in spite of the ever-increasing volumes of timber exports.

The GTA said it was concerned about the statement made by Mr Ato Ahwoi, Secretary-in-Charge of the National Revenue Secretariat to the effect that the volume of export of timber and timber products for the period between January and June this year alone was equal to that of the whole of 1984 but the revenue showed a sharp disparity compared with that of 1985 falling to almost half the revenue for the same quantity in 1984.

According to the GTA at this time when huge amounts of hard currency was being pumped into the timber industry to make it viable, efforts should be made to ensure maximum returns from timber export, devoid of malpractices.

Speaking at a press briefing in Kumasi in reaction to Mr Ahwoi's statement, Nana Yaw Owusu, national president of GTA, attributed the present state of affairs to lack of co-ordination and the absence of efficient monitoring systems in respect of timber processing and exports.

The GTA has urged the utilisation section of the Forestry Department that keeps records of timber felled to extend its activities to cover the monitoring of processing and sale of timber.

GTA National President Nana Owusu contended that an effective monitoring system would reduce the present spate of smuggling and other malpractices in the timber trade and stressed the need for all agencies connected with the industry, particularly the Ghana Timber Marketing Board, to assist in its speedy resuscitation as envisaged under the Economic Recovery Programme.

Nana Owusu gave figures to support his claims and said the current fall in the international prices of logs and wood products is only five per cent and the fluctuation of exchange rates of importing countries which are just marginal could not be said to have affected the earnings drastically as is the case now.

The GTA stated that in January 1979, average yearly earnings from the timber export sector was US\$76 million.

However, there has been a steady fall from US\$50.9 million in 1979 to the extent that last year's timber exports fetched the nation only US\$22 million.

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CSO: 3400/480

GHANA

TRADES UNION CONGRESS CALLS FOR SOCIALIST DEVELOPMENT

Accra GHANAIAN TIMES in English 29 Oct 85 p 1

[Article by R. Harry Reynolds, Hans Adjato]

[Text] The Trades Union Congress (TUC) prefers the socialist type of development for the country since it would lead the state to provide more basic necessities like housing, education and health for the people, Mr A.K. Yankey, Secretary-general of the TUC, said yesterday.

Opening a two-week seminar at the Labour College in Accra for 40 high level personnel drawn from all the 17 national unions of the TUC, he explained that the socialist type was the only way the few resources available could be fairly shared among the people.

Among other things, said Mr Yankey, under the socialist type of development, the poor in the society could afford their basic needs.

The Secretary-General called for a limitation on the arms race without which all achievements on earth could be destroyed one day.

He questioned why, instead of helping to make the world a happier place to live in, some powers were pumping money into its destruction. He said such threats to world peace made meaningless, efforts to raise the standard of living of workers.

Mr Yankey praised the unions of the communist block, particularly the World Federation of Trade Unions (WFTU), for helping the liberation movements in Africa. He urged all progressive forces of the world to help in the fight by the blacks in South Africa and Namibia to free themselves from the inhuman apartheid system.

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CSO: 3400/420



GHANA

ANC CULTURAL SECRETARY MASEKELA ARRIVES

Accra PEOPLE'S DAILY GRAPHIC in English 5 Nov 85 pp 1, 4

[Text]

**THE African National Congress (ANC) Secretary responsible for Arts and Culture, Miss Barbara Masekela, has arrived in Accra on a five-day visit to Ghana.**

She told newsmen at the Kotoka International Airport that the purpose of her visit is to complete arrangements for a 30-member strong ANC cultural troupe to visit Ghana.

She will also hold discussions with Government officials aimed at strengthening the solidarity existing between the ANC and the PNDC Government.

Miss Masekela explained that the visit of the cultural troupe the "Amandla Cultural Ensemble," should have taken place already "in view of the unflinching support we enjoy from the Government and people of Ghana."

"I am very much at home in Ghana because Ghana has consistently supported the ANC and other African liberation

movements and as such, we consider Ghana an important historical landmark in the liberation struggle of the continent", she emphasised.

The ANC secretary said in furtherance of concrete manifestations of ties between the ANC and Ghana "we will explore ways for more ANC members to receive practical training in the fields of arts and culture in Ghanaian institutions."

This, Miss Masekela said, is particularly necessary because "we are in the most crucial and tragic stage of our struggle considering the courage, determination and dedication of my people to intensify the liberation of our country".

She added that South African nationalists would need short-term practical training in all spheres of life to develop the skills and talents which would equip them for the administration of the country when it is finally liberated.

Miss Masekela was met on arrival by the Secretary for Culture and Tourism, Dr Mohammed Ben Abdallah GNA.

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CSO: 3400/420

HANA

# KUSASI BEHAVIOR IN CLASHES EXONERATED

Accra PEOPLE S DAILY GRAPHIC in English 30 Oct 85 p 7

[Paid Advertisement by Bawku-Naba]

[Text] Between Saturday 28th September, 1985 and Tuesday 1st October, 1985, the few Mamprusis in Bawku in their characteristic manner attacked Kusasis in the Bawku township with machine gunfire and set several houses ablaze. The Kusasis were bound to defend themselves and the ensuing battle resulted in the loss of several lives and property. The loss of life and property in the recent fight is far out of proportion to the havoc recorded in the July 1984 clash which is still fresh in our minds. Figures are not immediately known but it is estimated that at least thirty (30) people lost their lives with many others wounded and many houses, numbering about 194, looted and/or destroyed.

The clash was completely uncalled for and could have been averted if the appropriate authorities in the region were alive to their responsibilities. This is so because weeks before the clash the signs were very clear to the authorities that a clash between the two factions was imminent, but the inertia or perhaps subtle encouragement of the authorities made the clash possible.

Three weeks before the clash the Mamprusi youth (who call themselves "Parliament House") committed many acts of aggression against Kusasi and Busanga youngmen particularly. They also on a number of occasions stormed the police station in their numbers and there harassed Police officers whenever one of their numbers was apprehended for an offence. They did all this, sometimes wielding deadly weapons and yet managed to get away with it without receiving any punishment.

On Friday 27th September, 1985, some misguided Mamprusi youth were placed in custody by the Bawku Police. Their alleged Leader in particular was placed in custody for allegedly illegally importing a vehicle into the country and allegedly using the same vehicle to smuggle certain items out of the country. The others were there for acts of assault committed against people.

In their characteristic manner, the Mamprusi youth organised themselves, came to the Bawku Police Station and threatened and harrassed the Police on duty to the extent that they had to release the culprits unconditionally. At the time of their release two Kusasi men were passing by on the main road which is just in front of the Police station. The Mamprusi youth from the Police Station, upon seeing the Kusasi men, pounced on them and mercilessly beat them up leaving one badly injured. In the ensuing confusion, the alleged Leader of the Mamprusi youth jumped into the impounded vehicle and drove it away. We do not know how he got the key to the vehicle which was supposed to be in the hands of the Police. While all this took place the Police helplessly stood by.

That same Friday night some unknown gunmen shot and killed a Busanga man by name Hamidu Mumuni who is a personal friend. It cannot therefore be true as speculated in certain quarters that the deceased's assailant was a Kusasi man.

On Saturday 28th September, 1985, there were sporadic incidents of violence by the Mamprusis, including a search of the Kola Houses owned by Kusasis. Up to this time no serious efforts had been made by the authorities to avoid the imminent clash. All these incidents, including threats that Mamprusis would attack the Kusasis and burn down Gingande (mainly a Kusasi township) were reported to the Bawku District Secretary and the District Superintendent of Police.

On Sunday 29th September, 1985, the Mamprusis were seen near Gingande where the palace of the Bawku-Naba is situated. They were armed to the teeth. They attacked the area at once. Before long a white Peugeot pickup with people dressed in military uniform approached the chief's palace. Unknown to the people in the palace that they were Mamprusis, these uniformed men started shooting indiscriminately and set about burning the chief's palace.

Considering all the incidents mentioned above and the fact that the authorities were well aware of them one is at a loss as to why the authorities did not immediately call for reinforcement when the situation was getting out of hand.

Perhaps this lack of action by the authorities lends credence to earlier assertions by the Mamprusis that they had convinced them to withhold any intervention of the security agencies for three days so that they (the Mamprusis) would wipe out the Kusasis.

Over and over again, I, the Bawku-Naba and concerned citizens in the Bawku district had expressed misgivings about the claims of the Civil Defence Organisation (CDO) that they had brought peace to Bawku. The CDO has succeeded in enabling the government to take certain measures which only worsened the situation in the area. For instance it would have been better to implement PNDC Law 75 which vested chieftaincy on the majority of the people to the letter instead of concentrating on frivolities like land cases, market stalls, the purchase of Dyna buses, whether certain people were qualified to stay in low cost houses, and the abolition of youth associations.

It should by now be clear that the earlier clash -- the July, 1984, one attempt to subvert PNDC Law 75. At any rate one wonders how the CDO came by the "cause" of the 1984 clash which led it to set up the Lands Committee and Probe Committee to look into land cases and market stalls.

These points are further buttressed by the fact that when the 1957 committee of enquiry report was upheld in favour of the Kusasis by the Court of Appeal in 1958, no such aggression took place. The secret was that government decisions to the letter which is conspicuously lacking now. Consequently, the Mamprusis in Bawku not only disrespect the law, but have taken it into their hands with arrogance and impunity.

The manner in which the Police have made their arrests and the inhuman treatment meted out to the people arrested leaves much to be desired. Even though it is clear to the authorities that the Mamprusis caused the clash and committed the large scale burning and looting of property, yet 90 percent of the people arrested so far are Kusasis in the villages who never got to Bawku to take part in the fighting and looting. These villagers were mercilessly beaten up and pepper poured into their eyes. They, totalling about 100 are now suffering from discharging eyes in the Navrongo Prisons.

In conclusion, we call on the government to set up a committee to investigate the causes of the July, 1984 and September, 1985 clashes and thereby find solutions to them. Members of such a committee should be men of high integrity and public probity.

We also urge the Upper East Regional Administration to stop hounding Kusasis. Those who have been arrested deserve fair treatment and we trust that they can be given such treatment.

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CSO: 3400/420

MADAGASCAR

BRIEFS

FRENCH FINANCING--France has provided finance amounting to four million francs for scientific and technical assistance for exploratory fishing of crustaceans in deep waters off southwest Madagascar. [Text] [Paris THE INDIAN OCEAN NEWSLETTER in English 2 Nov 85 p 8] /9274

PORT CONTRACT--The French port of Le Havre has obtained an important contract in the Malagasy port modernization program. An in-depth study in 1981-82 by the French Bureau Central d'Etudes pour les Equipements d'Outre-mer put the cost of restoring the island's port infrastructure at 8.82 billion Malagasy francs. The program is supported by West Germany, which provided equipment in 1984, and by the International Development Association, which has loaned eight million dollars. The Le Havre port authority will update the rehabilitation project, provide technical assistance and train port personnel. [Text] [Paris THE INDIAN OCEAN NEWSLETTER in English 9 Nov 85 p 7] /9274

JOINT MONETARY REGULATIONS WITH MAURITIUS--Following the three-day mission from Mauritius to Madagascar headed by deputy prime minister Gaetan Dubal, finance minister Vishnu Lutchmeenaraidoo announced that the two countries would draw up joint monetary regulations which would enable them to trade in their respective currencies. A delegation from the Mauritian central bank is due to go to Antananarivo next week with the aim of setting up a clearing house. The Malagasy finance minister, Pascal Rakotomavo, will pay a visit to Mauritius at the end of this month. He will be followed before the end of the year by Malagasy businessmen and industrialists. [Text] [Paris THE INDIAN OCEAN NEWSLETTER in English 9 Nov 85 p 7] /9274

TRAINING SHIP CRUISE--The French navy's training ship Jeanne d'Arc will spend the major part of its 1985-86 cruise in the Indian Ocean. Its first port of call there will be Djibouti on December 21, followed by Mombasa on January 2, Mayotte on the 9, Antsiranana on the 14, Toamasina on the 18, Reunion on the 22 and Mauritius on the 28. The ship will then head west, calling at Fremantle and Sydney on February 14 and 28 respectively, before going on to Noumea, Ujung Padang, Jakarta and Karachi. It will be back in Djibouti on May 6 before passing through the Suez canal. I.O.N.--The surprising feature of this cruise of the Jeanne d'Arc is above all the inclusion of the Malagasy ports of Antsiranana and Toamasina. In effect, President Didier Ratsiraka has broken with the policy of "national independence" which he had conducted unswervingly since assuming power, and now accepts foreign warships calling at his country's ports. The first weakening of the previously rigid rule occurred in April 1984 when warships from France (the Champlain and the Protet) and

the United States (the USS Hector) brought emergency aid for the victims of cyclone Kamisy to Antsiranana and Nossi Be. The Jeanne d'Arc itself will also have been preceded by three ships of the Indian navy, INS Brahaputra, INS Beas and INS Betwa, at the beginning of September, and the French warship Victor Schloeher in early October when France handed over a landing ship, the Aina Vao Vao, to Madagascar. More U.S. warships can also be expected to visit Antsiranana soon. [Text] [Paris THE INDIAN OCEAN NEWS-LETTER in English 4 Nov 85 p 4] /9274

CSO: 3400/478

MALAWI

ALCOHOL-BASED FUEL SAID POSSIBLE IN 7-10 YEARS

Blantyre DAILY TIMES in English 10 Oct 85 p 4

[Editorial by Grover Mzumara: "Big Interest in Alcohol-based Fuel Energy"]

[Excerpt]

LIQUID Fuel Planning was one of the three subjects discussed at a one-day 'Malawi's Energy Policy Planning' meeting held at the Polytechnic in Blantyre last Saturday. The other two topics where experts drawn from the Government, University, Escom, Ethanol and the Malawi Bureau of Standards shared ideas were 'Malawi Future Requirement of Electrical Energy' and 'Some aspects of the Energy Situation in Malawi.'

Presenting a paper on Liquid Fuel Planning, a spokesman from Ethanol company said that the object of the paper was to show that a reasonable and achievable plan for Malawi's liquid fuel "self-sufficiency" could be realised in the medium term (7-10 years). The plan draws on actual achievements in other countries and is therefore technically sound, economically attractive and can readily be financed, the spokesman stated.

The spokesman told fellow experts that the liquid fuel market in Malawi was relatively small that is one sixth that of Zimbabwe and one third that of Zambia and, thus more easily attainable for replacement from an agricultural base. He said that a sugar estate twice the size of Dwangwa could produce sufficient liquid fuel for self-sufficiency in Malawi. Of all the options currently available, ethanol is most attractive, technically, economically and financially. It also has the broadest base of raw material options (sugar, starch, cellulose base crops) and is most suited to an agricultural economy such as Malawi, he said.

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CSO: 3400/479

MAURITIUS

DUVAL SPEAKS OUT AGAINST PRETORIA

Paris THE INDIAN OCEAN NEWSLETTER in English 2 Nov 85 p 3

[Text]

Sir Gaetan DUVAL, deputy prime minister of Mauritius, has for the first time spoken out clearly against the South African government, asserting that the authorities in that country had "suicidal tendencies" and raising the question of possible sanctions against South Africa. His remarks came shortly before his arrival in Madagascar on October 29 at the head of a sizeable delegation of 66 people, including the finance minister, Vishnu LUTCHMEENARAIDOO. Sir Gaetan is well aware, of course, that the Malagasy authorities view him with suspicion and had already managed to have his visit postponed a few weeks previously. It appears that his anti-South African remarks were at least partly intended to make himself acceptable in Madagascar.

At the same time, prime minister Anerood JUGNAUTH made it clear on his return from the Commonwealth summit conference in the Bahamas that there could be no question of Mauritius implementing any sanctions against South Africa without compensation for its resulting losses from other countries.

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CSO: 3400/475



MAURITIUS

SUGAR GOOD, TEXTILES BETTER

Paris THE INDIAN OCEAN NEWSLETTER in English 2 Nov 85 p 7

[Text]

The third SITEX international textile fair, which will be staged on Mauritius from November 5 to 8, will take place as the economic situation is particularly favourable for the island's textile industry. Statistics for the first half of 1985 show that for the first time in Mauritian history exports from the export processing zone (EPZ), where most of the country's textile factories are located, were greater than those of the sugar industry, which itself improved its performance compared with last year.

While sugar exports totalled 940 million rupees in the first half of 1984 and those from EPZ industries 908 million, for the same period this year the figures were 1,160 million and 1,300 million respectively. Out of this last figure, the textile factories accounted for 960 million rupees, indicating that the results for the whole of the year will be excellent. Only two years ago, textile sales for the whole of 1983 amounted to just 920 million rupees.

The textile industry is undeniably the most active sector in the EPZ, and especially the factories producing clothing. During the first six months of this year the number of people employed in the EPZ rose from 37,500 to 46,600, an increase of 9,100 jobs. Almost all of them (8,500) were taken on by the textile factories, which boosted their workforce to 39,500. If the spinning and weaving plants are included as well, the textile industry employed 41,300 people on June 30, 1985, compared with 30,800 six months earlier.

SITEX 85 should therefore demonstrate the astonishing and meteoric success of the Mauritian textile industry, which admittedly has been achieved by means of a policy of paying very low wages. The fair is expecting almost 800 visitors connected with textile manufacture from all over the world; last year there were 530 visitors, who placed orders worth 300 million rupees (24 million dollars). While the traditional market for Mauritius is Europe, this year will see the arrival for the first time in large numbers of buyers from the United States, in the wake of Washington's decision to increase the import quota of Mauritian shirts and woollens by 6.5 times last March (see I.O.N. N°172).

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CSO: 3400/475

MAURITIUS

BRIEFS

RSA TRADE 'WON OVER'--There has been a great response to Mauritius' latest attempt to get investment from SA, says Mauritian trade representative in Johannesburg Jean-Michel de Senneville. So far there have been inquiries from industries as diverse as jewellery, garments and car spare parts, as well as numerous service industries. South Africans are attracted by the low wages--one-sixth of those in Hong Kong--and competitively priced skilled work. For the cost of one accountant in SA, four accounting clerks and one secretary can be paid for in Mauritius. The Trade Office has just announced that the package of incentives to foreign investors has been improved. [Text] [By Stephen Cranston] [Johannesburg BUSINESS DAY in English 15 Nov 85 p 5] /9274

INCENTIVES TO FOREIGN INVESTORS--Mauritius is offering attractive incentives to foreign investors with a much improved incentives package. Jean-Michel de Senneville, the Mauritian trade representative in Johannesburg, said in place of the existing package of a tax holiday in the initial few years, the new package contained a number of components, including a 15% corporate tax during the life of the company. Other incentives were: --No income tax on dividends for 10 years; --Free repatriation/transfer of capital, profits and dividends anywhere in the world; --Exemption of import duty on machinery, equipment, spare parts, raw materials and semi-finished goods; --Electricity, water and factory buildings at preferential rates; --Loans at 12.5%; --Issue of work permits and residence permits to promoters and shareholders; and --Guarantee against nationalisation. De Senneville emphasised that this package was being offered "against the background of a stable political environment, duty free and quota free access to the EEC and a highly literate, adaptable and productive labour force at an exceptionally low wage cost". Other advantages offered by Mauritius were what he termed excellent international communications, good infrastructure and a well-developed and diversified industrial base, illustrated by a growth rate of 65% in 1984. [Text] [Johannesburg BUSINESS DAY in English 14 Nov 85 p 2] /9274

MALAYSIAN VISIT--The Mauritian ministers for industry and co-operatives, Ramsamy Chedumbaram Pillay, and for trade and navigation, Khader Bayat, made a four day visit to Malaysia. Among subjects discussed was the possibility of air services between the two countries. [Text] [Paris THE INDIAN OCEAN NEWSLETTER in English 2 Nov 85 p 8] /9274

CSO: 3400/475

MOZAMBIQUE

BRIEFS

ITALIAN CRANES AT MAPUTO PORT--Two container-handling cranes made by the Italian firm Ausaldo Sistemi Industriali have entered service at the port of Maputo. They have a top capacity of 27 units/hour. [Text] [Paris AFRICAN DEFENCE JOURNAL in English Oct 85 p 3] /9274

FRENCH WIN ORDER FOR BARGE CONSTRUCTION--The Ateliers et Chantiers Navals shipyards of Chalon-sur-Saone (France), a subsidiary of the SFCN shipyards (Societe Francaise de Constructions Navales), have taken an order (No 845) for the construction of four barges. Two of them will be 30 ton motorized craft and two of them 200 ton craft. [Text] [Paris AFRICAN DEFENCE JOURNAL in English Oct 85 p 3] /9274

SWEDISH POWER--Mozambique's minister for industry and energy, Antonio Branco, who paid a visit to Sweden this week and had meetings with a number of government officials, talked in particular to the heads of SWED-POWER, a company specializing in electrical power transmission. The company could be given the job of taking power from the Cahora Bassa Dam to neighbors Zimbabwe and Malawi. [Text] [Paris THE INDIAN OCEAN NEWSLETTER in English 2 Nov 85 p 7] /9274

NEW AIR LINK WITH LESOTHO--Mbabane--A new air link between Mozambique and Lesotho was launched at the weekend by the Royal Swazi Airways. It is seen as a major step in the development of air communication between Southern African Development Co-ordination Counties (SADCC). It connects with flights to Dar Es Salaam, Tanzania and other SADCC countries as well as Nairobi, European and other international centres. [Text] [Johannesburg THE CITIZEN in English 5 Nov 85 p 11] /9274

CSO: 3400/473

SOUTH AFRICA

PROFESSOR URGES VOICES OF REASON TO PREVAIL

Johannesburg SUNDAY TIMES in English 10 Nov 85 p 29

[Commentary by Willie Esterhuysen]

[Text]

**A** COUPLE of months ago I got hold of a speech made by Professor D D T Jabavu.

The title struck me like a thunderbolt: "Native unrest — its cause and cure". The date left me speechless: July 1920 — 65 years ago.

Having read the speech, I had to ask myself: has anything really changed since 1920? Why is it that Jabavu's speech is still relevant in 1985? And having ignored the warnings given by Jabavu in 1920, could we have expected anything other than the current turmoil, resembling in some instances a low intensity civil war in which children confront assassins?

Jabavu began his speech before the Natal Missionary Conference with the chilling remark: "The Bantu people through the Union of SA are in a state of positive discontent."

And he stated prophetically: "Unless something is done at once to mitigate the causes of present dissatisfaction it will not be very long before the whole white community must deal with a situation overwhelmingly beyond their control."

In support of his thesis, Jabavu listed reasons for black discontent, all still relevant in 1985.

- The economic pinch, aggravated for blacks by extremely low wages;

- Black perceptions that the Union Act of 1910 unites only whites "and that is against blacks". This perception was strengthened by such things as the Native Land Act of 1913 and the

system of pass laws, the latter being regarded by blacks as "perpetuated martial law in peacetime" and a mechanism for repression and humiliation;

- Discriminatory measures and actions;

- Loss of faith in the Department of Justice;

- Squalid housing conditions;

- Poor education;

- Insecurity of land tenure and exclusion from the right to own property in urban areas;

- The role of agitators; and

- The influence of ideologies such as Bolshevism and Socialism on educated blacks.

Jabavu's perceptive analysis of black discontent as early as 1920 makes one point very clear:

One can link current turmoil to many causes, ranging from the state of our economy to the activities of agitators and revolutionaries. In the final analysis it should be linked to decades of an inability, if not unwillingness, to listen seriously to the voice of black reason.

This state of affairs constitutes the main tragedy of the history of white-black contact and relations.

His speech, moreover, underlines the frightening fact that discontent runs like a central nerve through the historical experience of blacks since Union.

**O**ver many, many decades it has become ingrained in their political culture and historical consciousness, making them perceive

SA's history as a history of black suffering, necessitating liberation.

To believe that political and socio-economic "Band-aid" or the addressing of mere symptoms will alleviate deep-rooted causes, is to ignore this very important fact.

Black discontent and protest span the decades since Union. Some of the policy decisions giving rise to black dissatisfaction date back many years, like the Native Land Act of 1913, the Native Urban Areas Act of 1923, pass laws and job reservation, not to mention the idea, voiced in the '20s, that blacks are temporary sojourners in urban areas.

Others are of a more recent origin, for instance the National States Citizenship Act of 1970.

Collectively, these decisions not only eroded black hopes for a better deal, but aggravated discontent since Union. Blacks experienced these decisions as methods by which they were excluded, and sometimes even expelled, from important avenues towards social, economic and political development.

The furnace of black discontent kept on burning. On many occasions it exploded with devastating effect, as at Sharpeville in the '60s and Soweto in the '70s.

On September 3 1984, it erupted like a volcano. And during all the years since Jabavu's speech, the voice of black reason was not seriously listened to.

Jabavu's voice of reason was followed by many others — the Luthulis, the Buthelezis, the Mabiletsas, to mention but a few. Some of these voices were deliberately smothered. Others grew silent due to a loss of hope. Many others left the country.

In this respect it has to be said: no one is born a radical. Politically-conscious people, moreover, do not radicalise in the void or, generally speaking, because of evil intentions.

One is not always popular for making such a statement; but I have no hesitation in saying that circumstances existing in our country and policy decisions taken over the past decades facilitated the radical stances taken by blacks.

Will the judgment of future commentators on events over the next 65 years be as harsh? Are we still victims of a situation in which voices of reason are not being listened to?

In a certain sense it seems as if

we are not in a position to break the deadlock. Present-day SA resembles, to some extent, an episode I once witnessed as a child in the Karoo. Two scorpions were engaged in a bitter fight for the same piece of turf. Both got stung, ending up in a state of paralysis.

**W**e are, so it seems on the surface, intent on paralysing one another — if not with petrol bombs and teargas canisters, then with highly-emotional slogans, unrealistic claims and unyielding attitudes.

Signs of a breakdown in communal hope are moreover emerging. If these signs take on a more cohesive and articulated form, SA and all her people will be in serious trouble, for communal hope is the generator of constructive and visionary action.

A society stripped of hope for the future is a society on the road towards self-destruction.

However, and in spite of preceding arguments, I am not of the opinion that candles of hope don't still burn in our society. What has happened in SA has, for the first time in our history, given rise to a fairly general consensus, across the barriers of culture, colour and party politics, that we cannot proceed along the ways of the past.

It is utter nonsense to claim that attitudes have not changed for the better among a majority of whites, or that they are still not prepared to listen to the voice of black reason.

Among many whites, and especially among leaders and opinion-makers, a sincere desire for reconciliation exists. These whites admit the mistakes and injustices of the past and are motivated to rectify injustices in co-operation with blacks.

Many whites, including Afrikaners and supporters of the National Party, are prepared to stand up and be counted for the ideal of socio-economic and political justice, and a sharing of power with fellow-black South Africans.

Freed from the chains of the ideology of apartheid and separate development, they are in favour of dismantling the structural and statutory embodiments of this ideology. They have heard the voice of black reason.

This brings me to another question: are blacks listening to the voice of white reason? Or have

they become the victims of exactly the same mentality and attitude they persistently, and with good reason, accuse their white compatriots of?

I admit, given the long history of black suffering and the fact that many black leaders are detained and behind bars, it is not that easy for them to hear the voice of white reason, not to mention the effort it must take for blacks to continue speaking in a voice of reason.

I have to concede that the ball of reconciliation, on the basis of negotiation and justice, rests primarily in the court of the privileged white community and its political, business, church and community leadership. But can we make any headway if some of the most important partners to the game are reluctant to play?

Being committed to reconciliation and the idea of a just society based on the recognition of the rights of all South Africans, I am extremely worried by the impression I sometimes get that important members of the South African leadership elite are not serious about the necessity for reconciliation.

For strategic reasons, and in the hope that it will accelerate the pace of reform, many of the criticisms by blacks against reform initiatives of recent years are coined in a language which reflects not only their deep-rooted frustration, but also contributes to the mood that the prospects for negotiation and reconciliation are very poor.

**A**s far as it is possible for someone not at the receiving end of unjust policies to understand the reasons for this strategy, I do take these criticisms seriously. But what worries me is the fact that many South Africans understand them as an unequivocal "no" to the idea of reconciliation.

Some of the claims made by fellow-South Africans are counter-productive to reconciliation. For instance, that it is not necessary to negotiate, for a take-over of power by blacks is imminent.

When one hears this, one has to wonder whether those making it are really serious about peace, justice and reconciliation.

The same holds for those whites intent on preserving white domination. Seen from a moral point of

view, there is no difference between these two. They are birds of a feather.

Fortunately these voices are not the only ones to be heard. Above the sounds of turmoil, shot-guns, quirts, boycotting children, petrol bombs and casspirs, a voice of black reason still prevails.

Whites should listen attentively, not allowing themselves to believe that all blacks are radicals who strive for the destruction of South African society.

The voice of black reason asks for a package of reform comprising:

- An unequivocal and clear commitment, followed by visible actions, that the discriminatory structure and statutes of apartheid will be dismantled within a specified time scale. And, they argue, if we are uncertain about what apartheid really means, we should ask them, for they have had practical experience of it;

- A commitment to abolish influx control and pass laws before the end of the next parliamentary session, coupled to an immediate moratorium on arrests and convictions in terms of these regulations, and the release of those convicted;

- A vigorous housing programme;

- A priority rating for black education and training within a single department;

- Access to finance, and business and industrial areas;

- Access to jobs in the civil service;

- The abolition of Administration Boards;

- De-regulation of the informal sector in black townships;

- Citizenship on a par with that of Asians, whites and coloureds;

- The implementation of freehold title within the next six months;

- The institution of a structure which includes blacks who have popular support, to deal with constitutional matters;

- The immediate release or trial of imprisoned and detained black leaders;

- Interim measures making provision for black representation in central government until such time as an acceptable constitutional framework is developed;

- Land reform;

- The implementation of a positive urbanisation policy, coupled to rural development and viable decentralisation policies;

- The institution of regional task forces, including blacks, to deal with regional problems and grievances while at the same time facilitating effective communication between blacks and relevant authorities.

What is being asked for does not deviate sharply from what is on the cards, or has been announced in recent months. The main target should be to present these objectives as a clear-cut package of reform, not to be misunderstood or neutralised by semantic acrobatics but marketed in a professional manner.

And, of course, visible proof that a new dawn for reform is indeed in the offing.

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CSO: 3400/474

SOUTH AFRICA

PLANS UNDERWAY TO SET UP GOVERNMENT-IN-EXILE IN DAKAR OR PARIS

Johannesburg SOWETAN in English 12 Nov 85 p 5

[Text]

**PARIS — Moves are afoot to form a multi-race South African government-in exile based here or in Dakar in Senegal.**

Black diplomats here confirm there are moves to form a South African government-in-exile, on the lines of the Algerian body set up during the war with France.

A possible "capital" for the anti-Pretoria government is Paris, but a number of African leaders, it is reported here, prefer Dakar on the grounds that it is better to be seen operating from the black continent than from Europe.

In addition, President Abdou Diouf of Senegal is also the president of the Organisation of African Unity and he has taken the lead in Africa's anti-apartheid campaigns.

He is the first OAU president, for instance, who has visited the Frontline states.

The idea of a government-in-exile has been floated through a well-respected Third World editor. He is Mr Bechir

Ben Yahmed, owner and publisher of the weekly Paris-based news-magazine *Jeune Afrique*.

He has used his magazine to bounce off this idea on a wide audience in Africa.

He pointed out that the white Pretoria regime had turned South Africa into a country where "criminals are both the judges and executioners. As apartheid is itself a crime, those fighting it cannot be criminals."

This form of reasoning has been repeated a number of times recently in the French media by Africans, and is an argument first put

forward by exiled Breyten Breytenbach who lives in Paris.

In conversations with African sources here, Mr Breytenbach was mentioned as an obvious choice as a minister in the government-in-exile.

But even Mr Ben Yahmed admitted that the formation of such a government would take some time.

The idea would be that the white government would gradually lose both power and credibility, so that an alternative authority would have to be put in its place. This is when the government-in-exile would take over.

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CSO: 3400/469

SOUTH AFRICA

SOWETO DEATH TOLL RISES

Johannesburg SOWETAN in English 15 Nov 85 p 2

[Article by Sy Makaringe]

[Text]

FIVE more people, including a 29-year-old Orlando East woman, were killed in separate incidents of violence in Soweto this week —bringing the death toll since last Friday to 18.

Colonel James Beeslaar, criminal investigation officer of the Soweto Police, said yesterday that two of those killed were knife victims, while the third, a 45-year-old man, was found with a bullet wound in his left arm in Senaoane on Sunday.

He said the 29-year-old Orlando East woman died instantly after a man had stoned her. The motive for the killing has not yet been established by the police. A 32-year-old man died in Zone 2, Diepkloof, after he was assaulted with kieres. No arrests have been made in this case.

**Robbery**

In one of the two cases of armed robbery reported to the police

yesterday, an employee of the SABC was robbed of his R25 000 German-made mini-bus in Orlando West on Wednesday night.

The 36-year-old man, who was not named, was stopped by four men travelling in a Ford Cortina, held at gunpoint and robbed of his vehicle. No arrests have been made.

In what is believed to be the continuing wave of faction fighting, a 47-year-old Dube Hostel inmate narrowly escaped death when a shot was fired at him through the window of his dormitory. The bullet grazed a part below his left eye.

This was in one of the three cases of attempted murder reported to the police yesterday.

Other cases of crime reported include seven robberies, four cases of thefts, four vehicle thefts and five cases of housebreaking.

No rape cases were reported.



SOUTH AFRICA

NUMBER OF BANNED PEOPLE RISES

Johannesburg SOWETAN in English 15 Nov 85 p 6

[Article by Themba Molefe]

[Text]

**T**HE number of banned people in the country rose to 14 this week when five former detainees were subjected to stringent restrictions to last the duration of the state of emergency.

Dr Rashid Saloojee, Mr Simon Ratcliffe, Mr Aurret van Heerden, Mr Neal Coleman and Mr Morns Smithers were slapped with the restrictions which will curtail their movement and activities and confine them to the Johannesburg magisterial area only hours after being released from four months' detention.

Like the nine other people throughout the country banned for years, the five are prohibited from taking part in the affairs of trade unions and various other organisations.

They may not write for any publication nor attend any gathering.

Dr Saloojee, in terms of the restrictions signed by the Minister of Law and Order, Mr Louis le Grange, may not, without ministerial approval, take part in the activities of the United Democratic Front or the Transvaal Indian Congress.

Dr Saloojee, the Transvaal president of the UDF, acting president of the Transvaal Indian Congress and vice-president of the Islamic

Council of South Africa, was treated under guard in the psychiatric wing of the Johannesburg Hospital for a month during his detention.

He was transferred back to the Diepkloof Prison on Monday, the day before his release.

Dr Saloojee (52), was detained under the emergency regulations on July 21, the very day the state of emergency was proclaimed.

In South Africa the rule of habeas corpus does not exist.

Banned persons cannot be heard in public because the Government says so. They are restricted in terms of the Internal Security Act of 1950, amended in 1976 and again in 1982.

Not only are banned people prohibited from attending gatherings or making public utterances but their movements as well are curtailed. The Minister of Law and Order may impose harsh measures which include house arrest.

Some of the banned people are:

- Mrs Nomzamo Winnie Mandela has been banned since 1963, the year before her husband was jailed for life.

**Banished**

Her current five-year ban expires on June 30, 1988.

Since 1977 she has been banished to the small Free State dorp of Brandfort.

Mrs Mandela has been brought to court several times for breaking her banning order.

- The only journalist still banned is Mathata Tsedu, of **The SOWETAN**, whose first banning order was imposed on January 9, 1981. Tsedu (33) cannot practise as a writer because of the restrictions.

Tsedu is under house arrest from dusk to dawn during the week and on public holidays and weekends is confined to his Seshego house, near Pietersburg, for 24 hours a day.

Tsedu has three children and his "grounding" has "put an emotional strain" on his teacher wife, Flora.

In 1982 Tsedu was detained for 300 days under Section 29 of the Internal Security Act.

He started working for the defunct *Post* newspaper in 1978 and was secretary of the Northern Transvaal region of the Media Workers' Association of South Africa and served on its Standing Constitutional Committee.

Tsedu's second three-year banning order expires in June next year.

- Mordecai Tatsa is the only banned person living on the Reef. Until

late October last year he shared the dubious honour with the current general secretary of the South African Council of Churches, Dr Beyers Naudé.

Everyday is the same for Mordecai, the Orlando East, Soweto young man who speaks, but may not be heard in public. Nothing he writes may be published.

### **Isolation**

He cannot tell of the fits of depression he suffered when he was detained at Modderbee Prison, or of his continuing isolation from society, or of the way his education has suffered.

Mr Tatsa also holds another dubious record of being detained the longest in the history of detention without trial here. He spent some time in a psychiatric ward after his release.

He was detained shortly before Christmas in 1979 and held under Section 6 of the old Terrorism Act. Mr Tatsa was banned on August 8, 1983 and his order expires on August 31, 1986.

- Another Soweto resident who is banned is Mr Abel Dube of Mofolo, who has been ban-

ished to Messina in the Northern Transvaal.

Mr Dube (33) was banned in 1984 and his order expires on October 10, 1987.

His twin sister, Ntombikayise, said she last saw him in 1976 when Mr Dube, aged 18, left the country. She later learned he had been detained and held at the old Johannesburg Fort.

After his release last year in October after 30 months in detention, Dube was banished.

His mother, Mrs Elsie Dube, is the sole breadwinner in the family and earns about R90 a month as a domestic in the white suburbs.

Mr Dube's elder brother, Matthews, married with two children, is unemployed. Ntombikayise was forced to leave her job when she gave birth three months ago.

Two of those still banned are in Port Elizabeth, and one is in Athlone and the other in Wynberg in the Cape.

- One of the longest-banned people, Mr Rowley Israel Arenstein, from Durban, has lived in the twilight for more than 20 years. His current banning expires on June 30, 1988.

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CSO: 3400/469

SOUTH AFRICA

NEW COLORED TOWNSHIP DRAWS STRONG PROTESTS

Johannesburg THE STAR in English 14 Nov 85 p 3

[Article by Shirley Woodgate]

[Text]

A government plan to investigate establishing a coloured township in Midrand has unleashed a storm of protest there.

The land being considered is a portion of Waterval farm, east of the Jukskei River up to the AECl border (land owned by the Mia family's Islamic Trust) and part of Allandale farm, west of Tembisa towards the Metro drive-in.

Both sites are next to white residential suburbs, including Sandton's Kelvin and Buccleuch and Midrand's President Park agricultural holdings and Glen Austen extension 3.

Mr Martin Grond, Midrand management committee chairman, said residents heard of the possibility of a coloured township on their doorstep through legal notices placed by the Department of Constitutional Development and Planning in Beeld and The Citizen on October 25.

PROPERTY FEARS

People were given until November 22 to make objections.

(As Midrand is a controlled area, it is necessary to officially declare a special group area for coloured people.)

Mr Grond estimated that both pieces of land covered more than 500 ha.

Homeowners have protested at meetings in Sandton and Midrand that such a township would devalue their properties as the new houses were likely to be sub-economic.

Mr Grond said another problem envisaged by a packed meeting of the Halfway House Ratepayers' Association was a massive build-up of traffic in the area.

At a Buccleuch/Kelvin Ratepayers' Association meeting, Sandton councillor Mrs Jo Marais, who represents Ward 11 (which includes the Indian group area of Marlboro Gardens), accepted a petition to the government asking for the abolition of the Group Areas Act.

It was suggested that setting up a new group area was unnecessary as the Group Areas Act was to be abolished soon anyway.

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CSO: 3400/471

SOUTH AFRICA

POLITICAL SCIENTIST ANALYZES ANC STRATEGY FOR REVOLUTION

Johannesburg THE SUNDAY STAR in English 10 Nov 85 p 16

[Article by John MacLennan]

[Text]

IN THE view of political scientist Dr Simon Baynham, the African National Congress is not being run by just another bunch of hoodlums. They are guided by strategies enunciated by Marx, improved by Mao and perfected by Ho Chi Minh.

Marxism uses the so-called industrial proletariat as the agent of revolution and Mao adapted this strategy to one of rural guerilla warfare in which the countryside became a no-go area to the security forces.

Towns and cities were surrounded and cut off before his forces launched a conventional offensive.

The ANC is adapting this theory even further to cope with the realities of our hybrid country — a Third World state containing a highly industrial, Western system.

The revolution which the ANC is fomenting — and Dr Baynham makes the point that everything the banned organisation has said since it took up its armed struggle shows that it supports Mao's strategy — has three classic phases which could overlap at times.

In the first phase it will infiltrate political cadres to politicise and mobilise people by using

local issues to their own advantage.

If township dwellers have been harassed by police, for example, they will attempt to make political capital of it on the lines, say, of undermining black policemen. The propaganda line might be: "These police are our people. They are our colour. But they are not helping us. They are only stooges of the Government."

Various other channels will include mobilising school children, using front men and organisations. "Revolutionary groups are not in the business of just setting up front organisations, but also penetrating and trying to take over groups that are still legal and which have roughly identical aims. Some of the affiliates of the UDF, for example, have ideologies indistinguishable from the ANC."

For this reason the ANC sees the UDF as a major tool to promote its aims because the UDF affiliates represent such disparate groups as workers, students, churches and community or social welfare associations.

Using all these methods they will create a feeling of burning injustice against the system.

Phase Two is the creation of a guerilla infrastructure and an alternative government system.

They will kill and attack policemen and community councillors, undermine all

authority and move into the vacuum to set up their own structures run by people acceptable to the community. "This is what we have seen in the last nine months."

Phase Three is the culmination and involves a co-ordinated and all-out offensive against authorities with the aim of seizing political power — a straight confrontation with the full might of the State.

The ANC's core strategy here will be to stretch the security forces and goad the authorities into over-reaction.

They will do this by engaging the State in a protracted war of attrition and attempt to wear out the security forces in a long campaign of demonstrations, riots, bombings and shootings.

"The idea is to gain benefits from the mistakes of the 'enemy' — the security forces — and then politicise the population to an extent not previously possible by showing them the 'true face of repression'. They will work at the steady demoralisation of the security forces. Every time security forces over-react it will be a victory for the ANC because the authorities will feel they are losing the war.

"At stake here are not the classical military objectives, such as taking a hill or a town, but the hearts and the minds of the population."

This revolutionary strategy has its Achilles heel.

At the outset — provided the authorities are aware of what is happening — the infiltrators will be extremely vulnerable because they will depend on the population to feed, clothe, house and hide them.

They run the risk of betrayal as many people could reject their message because they are too involved in the system. People might not want to lose their jobs, or might see the possibility of progress through the existing educational system.

In the second phase they will depend on neighbouring states to provide safe havens, hideouts, places to cache arms and train in relative security.

"One cannot overestimate the importance of international support for them on South Africa's borders. At the same time South Africa has made it a priority to

### Living in a State of Siege

WHAT will life be like if the ANC succeeds in stepping up its present disruptive activities?

In the view of Dr Simon Baynham a psychology of siege is already manifesting itself here and he sketches this scenario if the breakdown in law and order escalates:

Vigilantes will be formed in both city and country areas to set up inter-street communication and protect lives and homes. In certain instances these will have the approval of the security forces, who will exercise some control.

In country areas, especially, they will be "cowboy" units which are a law unto themselves.

*Item: Kraaifontein, on the outskirts of Cape Town, now has its own vigilante force.*

Certain townships will become no-go areas during the day for all excluding residents and security forces. At night not even the police will be able to patrol and will have to depend for information on

wipe out these safe havens."

If the ANC is to confront the State as an army of liberation and have any hope of victory in the final phase, said Dr Baynham, "they will need the ability to organise on conventional military lines with security, a hierarchy, discipline, logistical support and supply that involves incredible planning."

He believes the security forces have also learned from past lessons and is applying them now. "South Africa took great interest in Rhodesia and learned what not to do. The big lesson was not to act too late. The security force response has not been on an ad hoc basis. It is a carefully calculated and sophisticated counter-strategy."

Counter measures which have already been taken include a major effort on the part of the security forces to establish what

watchers in high towers using image intensifiers or infra-red scopes.

*Item: Cape Town's black townships are no-go for whites already and are dangerous for blacks identified with the "system".*

Blacks identified with the system — such as community councillors and policemen — are targets for assassination.

*Item: The community council system has all but broken down and several black policemen have been murdered.*

Certain roads, including national freeways, will become unsafe or be interdicted at times.

*Item: The major route out of Cape Town has provided a hazardous drive for the past several weeks. Traffic police have at times advised motorists who have to use the route to wear crash helmets to protect them from stoning.*

Scheduled flights, trains will become the target of bombs or — in the case of aircraft — heat-

the population is doing and to get an idea of the development of the politicisation.

"If the population is clearly susceptible to overtures of revolutionary groups then you need to devise counters in terms of policy. This has been done by dangling the carrot of reform and this has to be balanced with drastic action to prevent and contain subversion, but this has failed.

"The second counter is even more drastic military action without abandoning reform, such as the State of Emergency, banning meetings and trying to prevent news getting out."

● **Future forecast:** "The security forces are going to be stretched. Time and time again they are going to over-react, therefore falling in the lap of those who are trying to engineer precisely that."

seeking missiles.

*Item: Even the prestige Blue Train has been stoned in the recent past.*

White businessmen, politicians, any officials identified with activities of the State — such as housing administrators or debt collectors — will also have to take extraordinary measures to protect their lives. These could include going to work by different routes and times and searching their vehicles for explosives.

Prestige shops and restaurants will become targets for fire-bombs, and clients will have to live with body-searches.

The ANC will use other tried techniques aimed at creating an atmosphere of terror by concentrating, for example, on white school children.

*Item: A Durban high school was recently bombed.*

These efforts will naturally be countered as far as possible. In the view of Dr Baynham the State has at this stage flexed only a fraction of its muscles.

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CSO: 3400/471

SOUTH AFRICA

POLITICAL GRAFFITI FLOURISHING IN CAPE TOWN, SOWETO

Johannesburg THE SUNDAY STAR in English 10 Nov 85 p 16

[Article by Chris Whitfield and John Qwelane]

[Text]

THE writing is on the wall for South Africa.

At least that is what graffiti writers in Cape Town and Soweto seem to think.

In Cape Town, there is a splurge of graffiti in almost every suburb and train station.

"You ANC nothing yet," commuters are warned as they peer out of train windows.

"Purple people unite," urges a spray-painted wall near the city centre after the introduction of the police's anti-riot water-cannon, which sprays purple dye on its victims.

"Throw well, throw Shell," goes the graffiti in the townships.

"1 000 detained — 23 999 999 to go," commented an anonymous activist on a recently white-washed city wall.

Even holiday-makers driving along the scenic Low Level Road to Clifton's famous beaches are not spared. First they are told, in letters nearly a metre high, that "The Germans said they didn't know." Seconds later another slogan: "Will you say the same?"

But even graffiti do not seem to be immune from censorship. Walls are repainted soon after the slogans appear, but it is not long before the choice spots — usually a large white wall — again become the victim of the graffiti artists' spray cans.

An Oranjezicht woman, who woke to find "1 400 detained" painted in red across her garden wall, said she would be leaving the graffiti: "So that when the revolution comes they will leave

me alone."

A few days later somebody had added "Not enough" below the original slogan.

Some of the graffiti are elaborate — the artists having made stencils to facilitate their work. Obviously their artistry is not universally popular. A letter-writer to a local knock-and-drop newspaper castigated the editor for publicising their "stupid scribbles".

"Their so-called political thoughts should be kept in the traditional homes of graffiti — the toilet."

Graffiti is also flourishing in Soweto, but is markedly different from that in Cape Town.

The writers seem to have ample time and enormous reserves of energy because their work is "published" throughout the whole of Soweto.

The dislike for the armed forces and support for insurgency is amply demonstrated in the inscription, "No to conscription, yes to guerilla warfare", which has been spray-painted on a Government-owned wall.

Some of those ignoring the consumer boycott have learnt the hard way. Women found with groceries bought in town have been made to eat raw meat and raw fish, drink whole bottles of cooking oil (in the townships commonly called "fish oil"), and have also been made to eat the washing powder they were found carrying.

A message scrawled on one wall sounds a clear warning: "Don't buy in town — avoid drink-

ing fish oil or eating soap powder".

A postscript says: "The gun that kills your child comes from your pocket."

The wall scribes of Soweto see the situation from a slightly different perspective to the State President. While Mr Botha warns people against contacts with the ANC, a message scrawled on a township wall reads: "Watch out, Botha, Tambo will be reclaiming the land soon".

The Minister of Defence, General Magnus Malan, also has a "letter" in the wall mailbox: "Forward Freedom — Malan Beware".

And then what is probably the longest single message in the townships, scrawled across several metres of wall: "Every new act of tyranny and suppression merely betrays the weakness of the Government. The future is ours."

While hundreds of slogans in townships across the Reef scream support for Nelson Mandela and the ANC as well as Azapo and the UDF, there is one in Jabulani which attacks Chief Gatsha Buthelezi's organisation: "ANC unites, Inkatha kills".

And in complete defiance, on a supermarket in Dube: "We the youth will not allow the whites to sh... on us."

The owner of the shop used to remove the writing every time he arrived to open for business. Not any more, because a message left for him on the steel door tells him simply: "You erase, we burn."

SOUTH AFRICA

PRESBYTERIAN CHURCH CRITICIZES CURBS ON PRESS COVERAGE

Johannesburg THE CITIZEN in English 15 Nov 85 p 4

[Text]

LEADERS of the Presbyterian Church of Southern Africa said yesterday they strongly objected to the curbs the Government has imposed on members of the Press covering township unrest.

"We speak on behalf of the Whites who are tragically out of touch with the suffering of their fellow South Africans," said a statement signed by three church leaders, including the Moderator, the Rev G S Craig.

On November 2, the Government introduced restrictions on certain types of news coverage in townships within the 38 emergency areas. Visual and sound coverage was

prohibited unless permission had been received from the Commissioner of Police.

The churchmen said that on behalf of the Presbyterian Church of Southern Africa "we strongly object to the recent curbs on Press coverage".

It added: "We are also concerned that this leaves the nation dependent on the information given by the authorities where the danger is not only of little information, but also of misinformation.

"We recognise that a free Press can be abused, but the dangers of suppression of information are even greater."

Sapa.

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CSO: 3400/471

SOUTH AFRICA

EYEWITNESS ACCOUNT OF VIOLENCE AT ONE CAPE SCHOOL

Johannesburg THE WEEKLY MAIL in English 15-21 Nov 85 p 7

[Text.]

The teachers stage a protest.  
So the policemen outside  
arrest them. Pupils retaliate  
by setting a classroom alight.  
The soldiers outside ignore  
them. After all, this is just a  
small fire ...

An eyewitness account of just  
another day at a Cape school

IN the barren expanse of Cape Flats bleakness called Mitchell's Plain, soldiers in combat uniform, their rifles at the ready, patrol a high school. Pupils play games in the grounds during the break as the men in brown watch.

They had earlier confiscated posters from five teachers who staged a picket outside the main administration building, with posters calling for the removal of the security forces and the release of a fellow teacher.

Minutes later two police vans arrive, and half a dozen shotgun-wielding policemen approach the principal's office to the jeers of pupils retreating to their classrooms.

The teachers are identified and driven off in the back of the police vans. Angry pupils start a fire in one of the school buildings. Not a big one, but the soldiers can see the clouds of smoke. This time they do nothing.

From across the road, Cheryl, one of the few remaining SRC members at the school, has been watching the scene. Her fellow pupils have been detained and today she stayed out of school to avoid arrest.

"Viva students" she cries, while smoke pours from the building.

The scenario has played itself out in the schoolgrounds of many of the 47 "coloured" schools under the Department of Education and Culture

as pupils continue their boycott of exams in the Western Cape.

Cheryl's "warcry" has become synonymous with the struggle of pupils and students in their fight against an education system they see as yet another instrument of what they call the "apartheid capitalist system", a system they have publicly thanked at numerous mass rallies — now banned under the State of Emergency — for "conscientising the masses".

The effects of the State of Emergency, the hounding and arbitrary detentions of pupils, teachers and community leaders, has left the pupils' leaders scared and in hiding.

But underneath is a deep resolve to right the decades of wrongs, a sense of "liberation now, education later". Or, as the more popular students' chant goes, "An injury to one is an injury to all".

It is this sense of injury that disruption squads cite when they enter schools, call pupils out of their classrooms, tear up their exam papers and smash windows.

The Western Cape, with the largest concentration of "coloured" people in the country, has been hit by mass disruptions of internal examinations since they started last week for pupils from Standards Six to Nine. The sight of Casspirs and buffel armoured personnel vehicles surrounding schools has become commonplace. Soldiers and policemen stand guard inside the grounds.

Some pupils have elected to remain at home preferring not to be "involved". But, as so many pupils, their parents, teachers and the whole community have learned, very few people are able to remain uninvolved.



A young boy, one of those who would have written exams but thought that staying out of school was safer than going to school, was pedalling his bicycle past a Casspir parked outside a school, "protecting" the handful of pupils writing.

He was told to get off his bicycle and into the Casspir because he was "supposed to be in school".

Of approximately 8 000 matric pupils in the Cape Peninsula, 2 500 have turned out on average to write their final examinations. They are writing at heavily-guarded exam centres in Goodwood, the nearby Wingfield military base and the South African Cape Corps "coloured" military base at Faure, just outside Cape Town.

The routine has been the same since their exams started two weeks before those in junior classes: pupils are collected at predetermined pick-up points in the townships, driven to their exam centres in buses with smashed windows and have their names checked against print-out sheets provided by the schools.

They have to have their exam numbers with them else they are not allowed inside the grounds.

But at high schools where groups of Standards Six to Nine scholars have been trying to write, bricks have been hurled through windows, fire hoses have been sprayed at pupils and teachers, classrooms have been set alight and in some cases pupils have been injured.

As far as the Minister of Education and Culture (House of Representatives), Mr Carter Ebrahim, and his Labour Party-led department is concerned, however, examinations must go on.

The scene has repeated itself regularly as pupils continue in their efforts to have their grievances heard.

They demand that the government:

- Postpone all examinations for

high school pupils to next year;

- Lift the State of Emergency and withdraw security forces from the townships;

- Recognise the SRCs and PTSAs elected by the community during the boycott period;

- Reinstate teachers who have been transferred or sacked;

- Release all political detainees, including pupils, teachers and community leaders, and

- Include alternative awareness programmes in the school curriculum.

Following the disastrous meeting between Western Cape educationists and the government on Monday, the education crisis has grown even deeper.

The moderate representatives — the Vice-Chancellor and Principal of the University of Cape Town, Dr Stuart Saunders, the Rector of the University of the Western Cape, Prof Richard van der Ross, and the Rector of the Cape Technikon, Mr Franklin Sonn — who pleaded for the postponement of the examinations was met with the following comment from the State President, PW Botha:

"I have also told them that they have an obligation to combat leftist radicalism together with the government. Leftist radicalism is one of the most intolerable phenomena in the world."

Leading spokesmen have predicted mass unemployment in the wake of the government's public display of intransigence.

The 2 000-strong Western Cape Teachers Union (WECTU), whose almost entire leadership has been detained, has estimated that 70 percent of those pupils are not writing exams.

It said the outcome of the meeting denied the majority of potential matriculants access to the educational and employment locations of their choice and would force them into the ever-increasing ranks of the unemployed.

SOUTH AFRICA

INSURANCE INDUSTRY PAYS OUT R45 MILLION IN RIOT CLAIMS

Cape Town ARGUS (Business) in English 26 Oct 85 p 3

[Article by Derek Tommey]

[Text]

ABOUT R45 million has been paid out so far this year for riot claims, Cape Town members of the South African Insurance Brokers Association (SAIBA) learnt this week.

This estimate was given by Mr Don Gallimore, chairman of the South African Special Risks Insurance Association (SASRIA) committee of SAIBA.

SASRIA was set up to provide insurance cover against riot and unrest.

Mr Gallimore said that in spite of the payment of this amount of money, he did not think that SASRIA would have to increase its premiums.

LOOTING

He said that its premium income last year was R87 million.

The unrest had caused more people to take out riot insurance, and with changes in the Finance Act requiring some companies to obtain further cover, he estimated that its premium income next year should rise to around R120 million.

In addition it had reserves of R250 million.

Mr Gallimore said that of the R45 million paid out R28 million had been for damage to motor vehicles and the balance mainly

for buildings destroyed by fire and losses caused by looting.

The amount of looting had been much higher in the Western Cape than elsewhere. Rioters in this area were distracting the police's attention by causing trouble in one spot and then going elsewhere to start looting.

From the claims for damage now being received by SASRIA it seemed that the unrest was now almost entirely confined to the Western Cape.

Mr Gallimore said that SASRIA had taken a number of steps to speed up the payment of claims.

It had enlarged its staff and no longer had a special list of assessors.

The owner of a damaged motor vehicle could now use an assessor, and provided he could show that at the time his car was damaged there was unrest in the area he was in, it was likely that his claim would be settled quickly.

It cost R10 to insure a private vehicle against riots and R20 a commercial vehicle.

In cases where payment was unusually delayed it was generally found that the documentation was not in order.

However, sometimes SASRIA would delay payment on a building such as a township bottle store which it felt would be damaged again as soon as it had been rebuilt.

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CSO: 3400/438

SOUTH AFRICA

INDEPENDENT CHURCHES VIEWED AS 'SILENT' FOR TOO LONG

Johannesburg THE STAR in English 8 Nov 85 p 13

[Text]

The African independent churches, traditionally conservative, have for the first time voiced strong opposition to the government.

The African Spiritual Churches' Association (ASCA), which represents more than 100 independent churches, felt that it had "remained silent for too long", ASCA president Archbishop NH Ngada said yesterday.

On the controversial topic of disinvestment, ASCA said: "To us it makes no difference if there could be disinvestment because we have suffered before and we are still suffering."

Turning to the unrest situation in the country, Archbishop Ngada said in a statement that ASCA did not trust the Government because relatives and children of members had been killed.

"The people who claim to be keeping law and order are the ones who break the law," he said.

ASCA rejected violence, no matter who perpetrated it, and demanded that the South African Defence Force and the police be moved out of the townships immediately.

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CSO: 3400/470

SOUTH AFRICA

ACADEMICS SAY CHURCHES UNCERTAIN ABOUT POLITICAL ROLE

Johannesburg THE STAR in English 8 Nov 85 p 13

[Text]

Both the English and Afrikaans churches have played a role in politics in the past few decades, but on the practical level they are either too idealistic or uncertain about what their function should be.

This is the view of two experts on religious and biblical studies, Mr Sakie Spangenberg, lecturer in biblical studies at the Rand Afrikaans University and Professor Ben Engelbrecht, professor of religious studies at the University of the Witwatersrand.

They said the English and Afrikaans churches each tried in their own way to influence the Government's actions and thinking on the policy of apartheid.

They were reacting to Dr Nico Smith's criticism of South African churches earlier this week "for allowing the development of a political system which could plunge the country into a revolution".

Dr Smith, a minister of the Nederduitse Gereformeerde Kerk, said the churches, including the English churches, had belied their calling and had failed the people of the country.

He urged all churches to start getting involved and to work actively for political change.

Mr Spangenberg, said the history of Afrikaans churches showed an involvement in politics even before the National Party came to power in 1948.

At a Synod meeting of the NGK in Transvaal before 1948, there were warnings from a minister that the bible should not be used to justify apartheid. This, was an indication of early political involvement, Mr Spangenberg said.

Over the years the Afrikaans Gereformeerde churches tended to try to give apartheid a theological basis by using the bible.

It was only in the last few years that more leaders of the Afrikaans churches started moving away from the idea that apartheid was in accordance with the bible, he said.

POLITICAL ROLE

The English churches had also played a political role, in the sense that they warned against the dangers of apartheid.

"Thus, as far as history is concerned, both Afrikaans and English churches were politically involved. The English churches tended to fight for the underdog while the Afrikaans churches tended to support the Government," said Mr Spangenberg.

On the churches' current political role, Mr Spangenberg said the Afrikaans churches were cautious about their function on a practical level.

"They are taking the most laudable decisions at their synod meetings, but

not much comes of these resolutions in practice."

Professor Engelbrecht, said that when it came to practical matters, the English churches tended to be too idealistic in their search for solutions.

"A concept such as justice is very relative. A political solution which would meet all the divergent demands for justice would in essence require compromise.

"In their striving for the perfect model of justice as preached by the bible, the English churches tend to forget that the eventual solution would inevitably be a compromise," the professor said.

This grey area in the churches' practical involvement could easily lead to friction.

Professor Engelbrecht said some churches played a healthy political role by putting their case to the Government, while others operated as pressure groups by trying to activate their members in a specific political direction.

Some English churches were playing an unhealthy role by propagating the theology of liberation. This could only lead to revolution, he said.

Professor Engelbrecht felt that the churches' current role should be to give the strongest possible support to initiatives for "positive, peaceful reform".

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CSO: 3400/470

SOUTH AFRICA

MABUZA-ANC TALKS THREAT SEEN MOCKING HOMELANDS POLICY

Johannesburg THE SUNDAY STAR in English 10 Nov 85 p 9

[Article by David Breier]

[Text]

IF Mr Enos Mabuza, Chief Minister of South Africa's newest self-governing state, kaNgwane, insists on holding talks with the African National Congress, he may have his passport withdrawn.

Critics of the Government have said this makes nonsense of the Government's homeland policy.

The passport issue was spelt out this week in an interview with Mr Ron Miller, the Deputy Minister of Foreign Affairs, who warned of strong action against anyone who planned to visit Lusaka to talk to the ANC. The Government has already effectively prevented visits to the ANC in Lusaka by Stellenbosch students and Dutch Reformed Church ministers.

Mr Mabuza has announced his Inyandza movement is to hold talks with the ANC to help create a peaceful future for South Africa.

His kaNgwane homeland, in the Eastern Transvaal on the Swaziland border, is the latest black homeland to be given self-governing status. This means it has a homeland government without taking full Transkei-style independence. It also means he retains his South African passport and citizenship.

Mr Miller said in the interview that in the case of ordinary South African citizens who aimed to visit the ANC, such as the Stellenbosch students and the NGK theologians, the withdrawal of their passports would be a last resort if all other means to dissuade them failed. This would also apply to the businessmen who recently visited the ANC in Lusaka.

Mr Miller said that the case of MPs such as Dr Frederik van Zyl Slabbert and other Progressive Federal Party MPs was different.

He said MPs were accountable to their electorate who would weigh up the political consequences of their actions. MPs also had the tradition of parliamentary privilege.

Mr Miller said that while it was legally possible to withdraw the MPs' passports if they went to Lusaka again, this would not happen in practice.

He said Mr Mabuza was in another category. He hoped there would be negotiations with Mr Mabuza and all possible channels would be followed before any decision was taken to withdraw his passport. But, if there was no alternative, this would be done only as a last resort, he said.

Mr Mabuza this week declined to comment on Mr Miller's

statement, saying he had not been in contact with the Government on the matter. Mr Mabuza also declined to name the date and venue of his proposed meeting with the ANC.

Mr Tiaan van der Merwe, the PFP spokesman on Home Affairs, said the Government's threat to refuse Mr Mabuza's passport was a threat to its homeland policy.

"That an incompetent and confused deputy Minister can deny such a basic facility to the Chief Minister of kaNgwane is a clear indication that the Chief Minister is entirely at the mercy of the Nationalist Government and that the self-governing status of his homeland has little meaning.

"It indicates further just how insincere the Government is in its promise to negotiate South Africa's future with black leaders".

In motivating his proposed talks with the ANC, Mr Mabuza expressed deep concern at the current unrest and the need for a peaceful solution.

"To this end we are prepared to speak to any leader and any organisation if by so doing we may contribute towards the abatement of the unrest, as well as help to pave the way for dialogue which may lead to a peaceful future," he said.

SOUTH AFRICA

BLACK SUBSISTENCE LEVEL FORECAST

Johannesburg BUSINESS DAY in English 29 Oct 85 p 4

[Text]

THE average household subsistence level (HSL) for a black families in five main urban centres is expected to reach R453,23 a month by 1988.

A survey conducted by the Institute of Planning Research of the University of Port Elizabeth has shown that this figure will be reached in Johannesburg, Pretoria, Cape Town, Durban and Port Elizabeth by October 1988 — provided the rate of inflation continues near the current trend.

The survey said the overall percentage HSL increase for black households for the six months ended September in the five areas was a low 2,9%. For the previous six months ending March the increase was 7,8%.

For coloured households an even lower cost trend was observed compared to the previous term. For the same five urban areas, the average increase was a low 1,6% compared with a high 10,1% for the period ending March.

"The general low increase for both population groups during the past six months is surprising considering the consumer price increase of 5,7% for the lower income groups for the same period."

The survey said the general low increase might be partly due to the fact that a series of price hikes which came into effect on April 1 (fuel, transport, sugar, GST) was included

in the survey for March.

"However, it was found in all centres that generally speaking the increase of items exempted from general sales tax was low. For some items such as meat, fish, milk powder and vegetables, prices were generally even lower. These items are major contributors to the total cost of the food basket," the survey said.

Viewed over a 12-month period, the survey said the increase for blacks was a low 11% and 11,9% for coloureds, which was substantially lower than the consumer price index of 16,4% for the urban centres (all items, all groups) and 13,9% for the lower-income groups. — Sapa.

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CSO: 3400/438

SOUTH AFRICA

ROW OVER 'PROPAGANDA' IN AFRIKAANS EXAM PAPER

Johannesburg THE CITIZEN in English 14 Nov 85 p 10

[Text]

CAPE TOWN. — Blatant propaganda in an Afrikaans examination paper written by student teachers has drawn strong criticism and accusations of "misusing a captive audience".

National Diploma in Education students who wrote the Department of Education and Culture (House of Representatives) second Afrikaans paper on Tuesday, have protested against the text of the comprehension question, which was taken from the Department of Foreign Affairs publication, SA Digest, of November 23 1984.

The text reads: "If a Black man could choose where in Africa he wanted to live, there is little chance he would choose any country other than South Africa after a comparative study . . .

"Where else on this continent could he find, for example, comparative housing at the same advantageous conditions, medical care, agricultural guidance or a better education for his children? Yes, but . . . the critics of South Africa will immediately say, what about political freedom? Everyone surely knows that South Africa is not a free country . . .

"An American columnist said that after receiving the Nobel Prize Bishop Tutu experienced freedom of speech, freedom to travel, freedom to gather, religious freedom and Press freedom."

Mr Franklin Sonn, rector of the Peninsula Technikon and president of the Cape Teachers' Professional Association, who was one of the educationists who met President P W Botha this week, said he took "strong exception" and was writing a letter of protest to the Department of National Education.

"Students were placed in emotional stress in the examination room. I will say in my letter that if the students took umbrage they will have to be given the benefit."

"A captive audience was misused. The assumption was that they would quietly read and think about the objectionable and slanderous statements."

Mr Sonn said the paper had been set by the Department of Education and Culture in the House of Assembly. Because White education was controlled on a provincial level, this department had no work to do. — Sapa.

SOUTH AFRICA

AFRIKAANS EXAM EARNS APPROVAL OF TEACHERS

Johannesburg THE CITIZEN in English 15 Nov 85 p 9

[Text.]

THE first Afrikaans matriculation examination yesterday, for students writing the paper as a second language, was found to be reasonable and tested the pupils' ability to write, think and use the language, said teachers at Johannesburg schools.

The Afrikaans exam is split into two sections, with yesterday's language paper counting 160 marks and the literature paper on Monday counting 80 marks.

Mr G Lurie, the co-principal at Eden College, said the paper gave no real cause for concern.

He said there was enough in the paper for the average and weaker students to pass with, but it would be difficult for the top students to attain distinctions.

Miss A Engelbrecht, the Afrikaans teacher at Studywell College, said the essay topics made provisions for a wide range of interests, and the comprehension and grammar section seemed fairly straight forward.

Miss Engelbrecht felt some of the vocabulary in topics in the standard grade paper would have been more appropriate for the higher grade paper.

Miss A van Rensburg of Parktown Boys' High School said her weaker students also had difficulty trying to understand some of the language section vocabulary, but she was happy that the paper had tested the candidates' ability to use Afrikaans.

The final matric paper for this week is the second physical science paper.

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CSO: 3400/472



SOUTH AFRICA

NEW COLLEGE TO OPEN DOORS

Johannesburg THE CITIZEN in English 14 Nov 85 p 10

[Text]

ALL Saints, the first college to be established exclusively for the education of 16 to 19-year olds, opens to its first 100 students in January next year, it was announced yesterday.

A statement said the college at Bisho near King William's Town is being built with a R10-million grant from Anglo American and De Beer's Chairmen's Fund.

Three quarters of the students will be boarders at All Saints, which will accommodate 250 Black and White boys and girls when it reaches full complement in 1987, said Mr Richard Todd, director of the Bisho Private College Trust (responsible for establishing All Saints).

"The private sector —

which is also supporting All Saints with scholarships for many of the students starting there next year — see senior colleges as a practical response to the situation facing South Africa today where so much good talent is being lost because of inferior education," he said. — Sapa.

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CSO: 3400/472

SOUTH AFRICA

COMMENTARY VIEWS ANGOLANS 'ANIMOSITY' TOWARD CUBANS

MB141113 Johannesburg International Service in English 0630 GMT 14 Nov 85

[Station commentary: "The Cubans in Angola"]

[Text] It is now becoming quite apparent that among ordinary Angolans today, there is growing animosity towards the Cuban forces in that country. On Monday, Angola celebrated 10 years of independence from Portuguese rule, and Dr Jonas Savimbi, the UNITA leader, disclosed that increasingly clashes were developing between FAPLA troops and Angolan people on the one hand and Cuban troops on the other hand.

In the past few months, there has been fighting between these two groups in at least five towns in the country. The main reasons for the fighting are that the FAPLA forces and the ordinary man in the street quite rightly feel that the Cubans are receiving preferential treatment. They are getting the best food and facilities. Also, as pointed out by Dr Savimbi there are 35,000 Cubans in Angola who are actually killing Angolans. They may be supporters of UNITA, but they are still Angolans, and it was together with the MPLA guerrillas that they fought against the Portuguese. Now there are foreigners in country killing these people.

At the same time, the Cubans are not doing this cheaply. The war is costing the Angolan Government \$1 million a day. In addition, entire power stations are being dismantled and taken to Cuba in payment for services rendered, as are some of the country's best breeding stocks. The Cuban involvement in Angola impoverishing the country generally and ruining its economic infrastructure. The result of all this is that morale is extremely low in most of the areas under MPLA control.

During the recent offensive, UNITA captured 203 prisoners. These were shown to newsmen at Jamba on Monday and afterwards many of them said they had been grabbed off the street by MPLA officials and forced to join the army. They were thrown into battle after only 3 months of training. The prisoners said they had been told lies about UNITA, and all of them said that in future they would be actively involved with UNITA in fighting to rid the country of Cubans. It seems, therefore, that the Cubans have overstayed their welcome and it is perhaps this factor above all that will eventually force the MPLA to negotiate with UNITA.

Certainly, the FAPLA forces and their Cuban allies are making no headway whatsoever on the battlefield.

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CSO: 3400/452

SOUTH AFRICA

CONFERENCE ON SECURITY ENDS

Johannesburg THE CITIZEN in English 14 Nov 85 p 15

[Excerpt]

A DEMONSTRATION of explosives and weapons yesterday brought to a close a three-day security seminar attended by delegates from South Africa and abroad.

The demonstration, at the Sandock-Austral Security Academy's shooting range in Knights on the East Rand, included hostage release techniques and weapon-handling demonstrations.

Delegates also witnessed a new security door developed by Chubb's Special Projects Department. The door was shown to be able to

withstand the impact of a limpet mine attached to the outside.

Delegates were shown the effect of a home-made "pipe bomb" on a passenger vehicle. Although just half-a-kilogram of explosives were used, the demonstration vehicle was ripped apart at the seams.

The three-day seminar was contributed to by representatives from the South African Defence Force, the State Security Council, the Security Association of South Africa, the South African Police, and Armscor.

A spokesman for Sandock-Austral, who arranged the conference, told The Citizen that the aim had been to promote interaction between the private and public security organisations, with a view to bringing about an integrated national security strategy.

The spokesman said the course had been well-attended, but it was unlikely that another would be held in the near future.

CSO: 3400/472

SOUTH AFRICA

BARCLAYS OFFICIAL ATTACKS POLITICAL STATUS QUO

Johannesburg BUSINESS DAY in English 15 Nov 85 p 7

[Text] **BARCLAYS MD**

Chris Ball called for SA to acknowledge openly the inappropriateness of its ideology and to accept the need for better executive government.

At the *Financial Mail* conference yesterday, Ball delivered a scathing, but constructive, attack on the political and economic status quo in SA. He said that continued adherence to the myths and ideology of the present system would take the country very quickly down a very slippery slope.

He lamented SA's poor economic growth record of the past 15 years. GDP has grown at an annual average rate of only 2,7% which, excluding the windfall years of 1974 and 1980, declines to 1,9%.

"This is an absurdly poor performance compared with other countries."

Ball said: "We have practised economic self-deception and the official approach to economic management has been one of washing the hands of the underlying performance in attempting to attain serendipity. In addition, we have accepted the cost of government and its bureaucracies without challenging the benefit."

He also decried the myth that businessmen should not get involved in politics. He said "we must not be bamboozled in allowing politics itself to become a sacred cow as we have been bamboozled by the politicians into letting them believe that they are our masters and are entitled to behave as our masters rather than as the temporary occupants of positions of trust for the community."

Ball argued that the quality of government needed improving. He said the consequences of ideologies included non-accountability, nepotism, authoritarianism, bureaucracy and insensitivity. These elements contaminate our whole society and we need to open them up as issues and purge them from our experience. He noted comment from overseas visitors who regularly say that there are plenty of impressive people in South Africa but not many in government.

Economic success in SA was readily achievable and Ball put forward a number of proposals for a redesign of the existing situation:

- ☐ Purge society of the ideology and its corollaries;
- ☐ Establish better executive government;
- ☐ Think laterally about economic needs and opportunities. This means we need serious and responsible debate on a wide front;
- ☐ Aim high. "As a nation we face an enormous challenge. If we wish to raise the standards of our community to those of some of the moderately successful nations of the world we will need a growth rate in excess of 5% for 30 years."
- ☐ Examine the relevance of the successes achieved in some developing countries;
- ☐ Establish an effective planning entity. In Ball's view, SA needs sophisticated umbrella planning to ensure success;
- ☐ Reduce the bureaucracy. SA cannot afford the fancy layers of regional and local government;
- ☐ Extend the application of free-market practices;
- ☐ Set goals for the community, with its support. There are no common

goals in SA society;

☐ Get private sector people involved in government. Ball believes that while businessmen may not appreciate the full complexity of government, they are proficient in the techniques of performance achievement;

☐ Be competitive. SA needs to be efficient in politics and economics;

☐ Change the tax regime and motivate savers. Incentives must be encouraged by the tax system;

☐ Use quantitative targeting of inflation and money supply as a tool as much as possible;

☐ Achieve internationalisation in SA society by attracting skill and capital.

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CSO: 3400/481

SOUTH AFRICA

PROSPECT OF ECONOMIC RECOVERY SEEN

Johannesburg THE CITIZEN in English 12 Nov 85 p 25

[Text] DESPITE its foreign debt and domestic social problems and the fact that exports could come under pressure because of hardening attitudes towards the country, South Africa is still poised for an economic recovery says the latest Standard Bank Review.

Prospects are for a continued large surplus on current account throughout next year, still lower short-term interest rates and a further monetary and fiscal stimulation in the near term, the review states.

It points out however that the decline in the rand since July has given rise to new inflationary pressures. The fact too that impending recovery of domestic economic activity will at least partially be attributable to easier

and cheaper credit, as well as higher Government spending, reinforces expectations of higher inflation in future.

The move towards protectionism in the United States and the weakening dollar as a result of the pressures of the Group Five accord, have some implications for South African foreign trade, says the review.

If these factors cause exports to the United States from Europe and Japan to decline, these countries will have to find or expand alternative markets for their products. In these circumstances no customer is likely to be turned away without very strong coercive pressures to the contrary.

But regarding exports from South Africa there is

reason for concern the review warns.

Commodity prices have not reacted to the decline of the dollar as might have been expected and this appears to be an extension of longer-standing under-performance, particularly when commodity prices are viewed against backdrop of the strong US recovery since early 1983.

For example, the performance of the gold price has been disappointing which undoubtedly is attributable to low inflation and continued high real interest rates in industrial countries.

The review feels that with this economic scenario likely to continue into 1986, South Africa cannot realistically expect a major push from the gold price.

SOUTH AFRICA

ECONOMISTS HOPE FOR LIMITED GROWTH

Johannesburg BUSINESS DAY in English 5 Nov 85 p 6

[Article by John Tilston]

[Text]

**D**ESPITE increasingly gloomy predictions for the economy next year, economists still believe there will be growth. But much of next year's growth will be limited to certain sectors of the economy and there is little likelihood of consumers finding themselves better off.

All economic forecasts these days must be taken with a liberal pinch of salt. Events of the last two months have turned economics into one of the riskiest professions to practice.

So many variables, previously taken for granted, are impinging on the economic arena that, as one economist says: "A high degree of risk is associated with forecasting economic patterns in the present circumstances."

Vital issues that have a bearing on the economic future of this country are undecided. The principal questions concern debt rescheduling, sanctions and international pressure — and the weather.

Assumptions about these and other developments are getting gloomier by the week. There is no doubt that there is a continuing deterioration in both SA's internal and external situation.

**T**he government is not moving decisively in any particular direction, while foreign bankers are increasingly uniting behind a

call for reform before participating in real negotiation on the debt issue.

It now seems likely that SA will make a unilateral decision on the foreign debt problem. The authorities will tighten the "standstill" net and let the world wait until there is far greater room for economic policy manoeuvring in SA.

A wealth of forecasts have recently been published. On the assumption that their combined assumptions will roughly approximate reasonable assumptions for a "consensus" forecast, the general outlook appears to be as follows:

**INFLATION:** Just about everyone has revised upwards the expected average rate of inflation for next year. A simple average of available forecasts is 15.5%.

A number of very recent developments have had a bearish impact on sentiment. The still-weak rand, the import surcharge, further petrol price hikes and the non-availability of foreign capital will all add fuel to the fire.

But another variable is threatening. Some economists have argued that the spare capacity in industry and weak demand will mitigate against further price increases.

Others, like Barclays' Johan Cloete, and Louis Geldenhuys, of George Huysamer and Co, argue that the economy has become so weak that there is doubt as to any beneficial effect that tighter business conditions can have on the moderation of price increases.

Geldenhuis believes there is evidence to suggest that firms' revenue is already so badly affected that prices can only be increased.

SA Transport Services is a case in point. The projected loss this year of R450m will necessitate fare and tariff increases in the next SATS budget.

One thing is certain — inflationary expectations have not been dampened. These in themselves will fuel inflation.

**BALANCE OF PAYMENTS:** Few economists see the rand going above \$0,5000 next year. The average forecast is a shade over \$0,4500.

With sluggish growth in industrialised economies pegging demand for raw materials at roughly current levels, next year's trade surplus should remain about the same — though a warning on the strength of the dollar should be noted.

**T**he currency is weakening and seems likely to continue doing so in the face of pressure from the Group of Five. Geldenhuis is forecasting a rate of DM 2,30-DM2,40 by the middle of next year.

A large chunk of SA's exports (probably as much as 75%) could probably sneak through potential sanctions' nets — but at lower prices.

Imports may be further reduced through political action and import replacement activity as the low value of the rand makes imports prohibitively expensive.

Most economists have assumed that much of that surplus on the current account of the balance of payments will be eaten up by the repayment of foreign

debt. But there are serious doubts developing on this front.

SA authorities are believed to be formulating a plan — to present at the next round of rescheduling talks later this month — which calls for repayment of capital starting in three to five years' time.

If accepted, or unilaterally imposed, this would allow more export funds through to the domestic economy and aid growth prospects — although the authorities are likely use the opportunity to build up run-down reserves.

**P**redictions of next year's trade surplus vary from Stellenbosch BER's optimistic R8,076bn to Ari Uliel's pessimistic R2,155bn. The average forecasted is R5,100bn.

**SPENDING:** Very few people are going to enjoy an increase in disposable income next year. Salaries have already been severely dented by inflation and any increases this year will be much lower than the current inflation rate of 16,6%.

In addition, the level of unemployment has more than doubled in the last 18 months. But lean, hungry and more efficient companies coming out of a severe recession are not going to restaff in a hurry.

Lower real disposable income and high levels of unemployment mean that real consumer spending is not going to grow next year, unless tax is significantly reduced.

There is no unanimity on whether companies will build up inventories next year.

Some economists (such as RAU's Geert de Wet) expect some net build-up of inventories. But the majority expect destocking to continue.

Cloete says that the firms have become more aware of the expense of carrying high stock levels and will tread carefully next year. In any event, with sluggish consumer spending, most companies will not need to build up stock levels.

Fixed investment will continue to decline as firms rebuild their balance sheets (fixed investment is forecast to decline by an average of 2,4% next year, according to the *Financial Mail's* Blue Chip Forecast).



The most important element in fixed investment decisions is business confidence, which will take some rebuilding.

In addition, there is an almost universal feeling among businessmen that interest rates will rise next year as foreign loans are switched onshore.

The only hope for more spending is in the public sector. Government spending can — as always — be relied upon to increase.

But most economists expect some fiscal stimulatory action in next year's budget.

Says Volkskas' Adam Jacobs: "The government has put its cards on the table as far as its economic policy is concerned. How far the domestic stimulation package will go is not yet clear."

**GOVERNMENT POLICY:** There is some dispute about the current level of government spending. Measured against last year's spending it is high; but measured against budgeted levels it is more or less on target.

Revenues are also on budget, but are expected to be ahead by the end of the 1985/86 fiscal year.

**T**here is a general consensus emerging that government will assist the recovery process next year by increasing spending. If this is so, then the hoped-for tax reductions are unlikely to materialise.

Geldenhuys, projecting the state's financial position at the time of next year's budget, says that prospects for anything but token tax cuts are slim.

He estimates a deficit before borrowing in the 86/87 fiscus of R4,4bn — a massive 44% above this tax year's likely deficit of R3,06bn.

The figures are based on an assumed increase in government

spending of 14% that will "probably have to include a general salary increase".

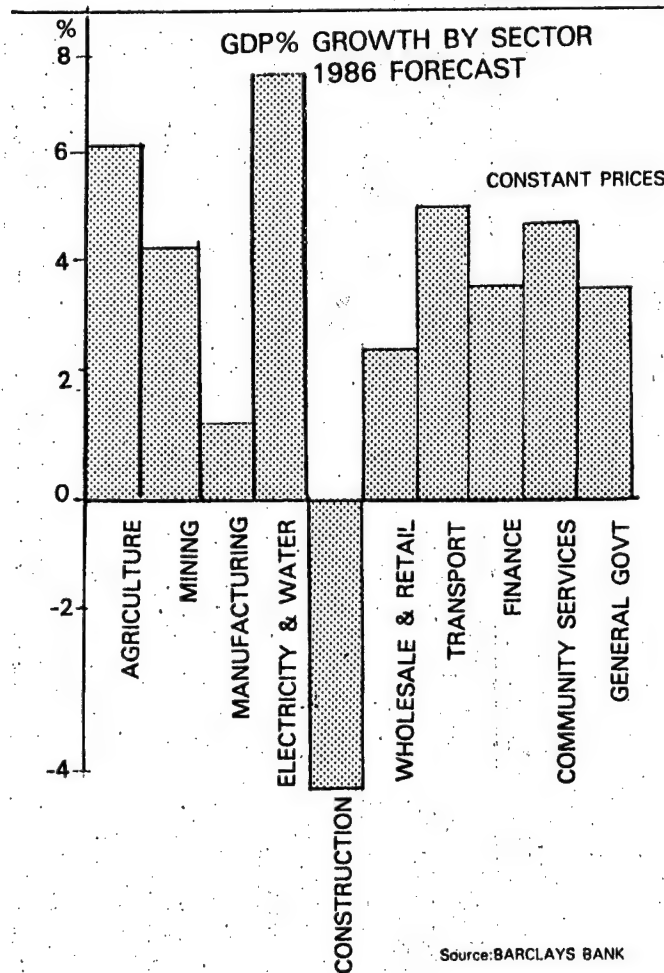
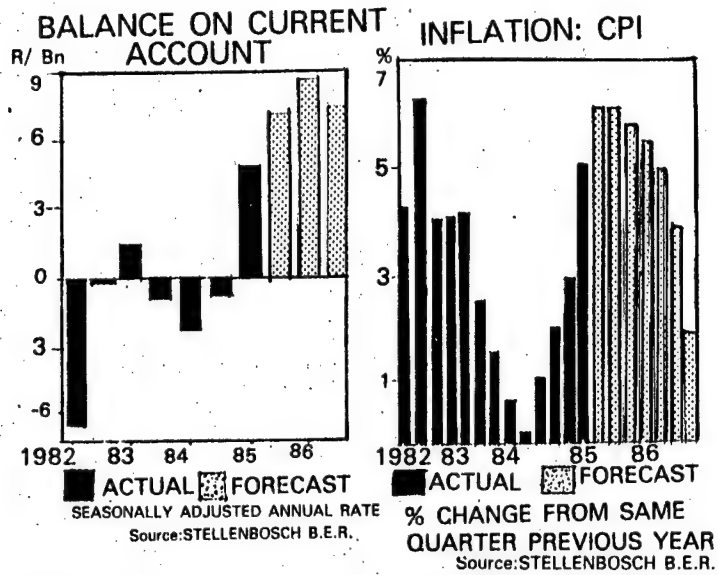
But, he concludes: "It should be clear that there is no room for major tax concessions or, in any case, not a lowering of the total tax burden — particularly if upward pressure on interest rates is to be prevented."

**GROSS DOMESTIC PRODUCT:** Despite much of the gloom, there is still expected to be growth in

GDP next year. The average from available forecasts is 3,1%.

Much of this growth will come from the export sector, the agricultural sector (provided the weather is kind) and government spending.

But a 3% growth rate takes us back, more or less, to where we were 18 months ago. We need decisive developments on the political front to improve real prospects in the medium-term.



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CSO: 3400/438

SOUTH AFRICA

DE KOCK DOWNPLAYS INFLATION FEARS

Johannesburg THE CITIZEN in English 9 Nov 85 p 17

[Text]

THE Governor of the Reserve Bank, Dr Gerhard de Kock, said in Pretoria yesterday money supply growth had slowed from peaks touched in November last year, when M-3 rose by 24,7 percent year-on-year, M-2 by 28,9 percent and M-1 by 39,6 percent.

He said that in the first nine months this year money growth at a seasonally adjusted annual rate showed a negative 2,6 percent for M-1 and gains of 11,3 percent for M-2 and 12,5 percent for M-3.

Dr De Kock said the latest money supply figures showed that fears of a sharp rise in inflation next year were exaggerated.

South African M-3 money supply growth slowed to 15,4 percent in September from a year earlier after rising 18,9 percent year-on-year.

M-2 growth slowed to 14,6 percent in September from 18,7 percent in August and M-1 to 5,5 percent from 16,8 percent. M-3 comprises M-2 plus all other deposits of the non-bank private sector.

M-3 fell to R45,89-billion in September from R45,91-billion in August, M-2 was virtually unchanged at R40,51-billion and M-1 fell to R24,30-billion from 26,08-billion.

Dr De Kock noted the M-3 growth rate was well below the inflation rate.

Consumer prices rose 16,56 percent in September.

He said that a subtle shift in emphasis towards growth from curbing inflation did not mean that the Reserve Bank had thrown in the towel as far as inflation was concerned. — Reuter.

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CSO: 3400/438

SOUTH AFRICA

EXPERTS DISSECT DE KOCK REPORT

Johannesburg THE SUNDAY STAR in English 3 Nov 85 p 2

[Article by Dr Gad Ariovich]

[Text]

THIS week witnessed a rare gathering of South Africa's top economic scholars aimed at assessing the contents and recommendations of the De Kock Commission report on the country's monetary system.

All the key speakers criticised the Commission on both a practical and a theoretical level, to a greater or lesser extent.

Prof Lachmann, the distinguished South African economist (in his late seventies is still very active) argued that the replacement of traditional money such as gold and silver by credit instruments that "cost nothing to produce" is an inherent inflationary danger.

Now, after 40 years of worldwide inflation, this phenomenon is self-perpetuating via deeply routed inflationary expectations.

He sympathised with the Commission's demand for discretion in its management of the country's monetary affairs but maintained that this cannot be done "without emasculating the spirit of monetarism which the Commission seems to adhere to."

He referred to an article, written almost 20 years ago, in which he had expressed the view that inflation usually favours debtors at the expense of creditors and in order to fight inflation effectively policy-makers must inflict pain on debtors and even let financial institutions go under!

Prof Lachmann doubted that the authorities will allow

this to happen by abandoning their traditional function as the lender of last resort. He therefore wondered if monetary policy could succeed in South Africa.

RAU's Professor De Wet criticised the Commission on both theoretical and technical grounds, especially in respect of its decision to control the money supply via the demand side — that is, by using interest rates as the operational variable to control the money supply.

He argued that the relationships between interest rates and money supply are complicated and by trying to control money supply via interest rates, "the Reserve Bank will most probably induce serious instability into the South African economic system."

The Professor suggested the alternative control of money supply from the supply side through the cash reserves of the banks — but only after introducing appropriate modifications to the local financial system.

Professor Mohr of Unisa argued that the Commission's approach to combating inflation is almost suicidal.

He pointed out that the Commission has not really assessed various alternative policy options via a cost/benefit approach.

For instance, he says: "While reviewing the costs of inflation in isolation, it has neglected to weight the cost of inflation against either the costs of non-attainment of other objectives or the costs (or side-effects) of the anti-inflation policy that it recommends."

Indeed, the destruction of the construction, capital and durable good industries during the present economic recession can be a case in point for his argument.

This is, of course, against the standpoint of the Reserve Bank, which suggests a clear negative association between them.

He sharply attacked the Commission for failing to acknowledge "two hundred years of economic literature on money which proves the Commission and the Bank wrong" and also made cynical reference to the fact that similar reports by other committees in the 18th century are based on "much sounder economics than ours".

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## SOUTH AFRICA

### COMMERCE, INDUSTRY EXPERIENCE 'CATCH 22' BLUES

Johannesburg SUNDAY TIMES (Business) in English 27 Oct 85 p 5

[Article by Angus Macmillan: "New Ways To Stir the Broth as SA Enters the Cold"]

[Text]

**AMID** the greatest financial uncertainty in South Africa's history, commerce and industry have the Catch 22 blues.

Most of SA's foreign loan sources have dried up and domestic funds are at a premium; new financial instruments need to be found or companies will have to put their prices up; foreign suppliers will continue selling to SA importers, but credit will be limited; growth can be stimulated, but it will push up inflation.

### Abandoned

Several other points could be included in this scenario, but as they only add to the general mood of pessimism, is there much point in mentioning them?

The reality is that the free-market philosophy has been abandoned by the Government and the economy is back in the chains of interventionism. Some bankers believe SA should never have entered the tough free-market world.

There are those like Roger Grindy, Hill Samuel's corporate banking chief in SA, who believe that merchant banking is being forced back to its roots — becoming designers again.

He believes that the financial crunch that has all but cut SA off from the world has started a new ball-game for both borrowers and lenders in the domestic market.

### Right mix

"Lenders will put more emphasis on development projects like toll roads than on city office blocks and equities. The pot is still the same size, it is merely a question of stirring it differently."

"Borrowers, on the other hand, will have to accept the fact that finance costs will continue to be high and comprise a larger percentage of their total business costs than would be the case in many other countries."

The advice to beleaguered companies from corporate bankers is not to take any risks and to concentrate on matching currency risks by finding the right proportion of shareholders' funds and loan funds.

Easier said than done, but there are no other options. Banks that were prepared to carry companies a few months ago are putting up the shutters.

They are getting tougher and more objective when it comes to determining risk and lending funds, just as most companies have been forced to adopt a cautious approach to planning.

### Uncertainty

According to Hill Samuel, the most common problem of its clients is uncertainty. They say they are adopting a wait and see attitude and are not putting in new plant and equipment.

Mr Grindy says: "Businesses can't afford to take risks. Uncovered foreign-currency positions have taught many the hard way and now we are being flooded with rights issues."

"Balance sheets will become more conservative and there will have to be a lot of flexibility in risk management. Companies doing international trade need plenty of advice."

He estimates that SA exporters have lost about R800-million in cancelled orders since the Johannesburg Stock Exchange closed in the last week of August and the rand was suspended — about the amount needed to service the interest on SA's short-term foreign debt.

Exporters will have to devise fancy cash collecting systems and disguise the origin of their goods if they are to weather the anti-SA storm.

Mr Grindy's point about merchant banks going back to their roots makes sense. With offshore funds limited, business will be looking to the banks for new ways of financing imports.

Converting foreign obligations to rands, counter-trade

or barter arrangements, new mechanisms for project finance... there are several possibilities.

### Proceeds

It is possible that companies looking for project finance will even take this view: "We want to put up a factory, but can only pay you from the proceeds of the goods once we sell them."

There is no doubt that if SA is to achieve growth, it has to be a net importer of capital. Without it, the rand, inflation, interest rates and the gross domestic product will suffer.

The short-term outlook for most companies and the economy as a whole is bleak as the rest of the world is not interested in SA's fundamentals.

### Bleak

SA's foreign debt of US\$24-billion is about 20% of gross national product compared with Australia's debt of US\$66-billion, or 33% of its GNP.

Although international bankers are worried about Australia's debt, their concern is not fuelled by political chaos.

It does not really matter what happens on the economic front, political risk is what is influencing SA's foreign financial relations.

Mr Grindy views creation of additional capital by the domestic market in a practical light.

"The only way SA can create more capital, without printing new money, is by becoming more efficient."

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SOUTH AFRICA

BRUMA LAKE DEVELOPMENT COSTS ASSESSED

Johannesburg THE CITIZEN in English 1 Nov 85 p 13

[Text]

The R250 million Bruma Lake development which was announced yesterday has been described by the chairman of the Johannesburg Council's management committee, Mr Francois Oberholzer, as "magnificent in concept" and is likely to be one of the most ambitious and far-reaching projects of the city's centenary year.

The almost seven-hectare lake (Emmarentia Dam is 4,5 ha and Zoo Lake 3,8 ha) will be sited at the eastern entrance to the city opposite Eastgate shopping centre and will be bordered by Broadway, Queen Street, Ernest Oppenheimer Avenue and parts of Marcia Street to the north and south.

Launching the project, which introduces a new water-linked working and living concept to Johannesburg, Mr Oberholzer said at a press conference attended by the developers, Anglo American Properties and Ozz Limited, that the scheme incorporated 140 000 sq m of lakeside offices, about 200 waterside houses, a 100-bedroom hotel, a 65-cottage retirement village, restaurants, a speciality shopping centre, private and public clubs and sports fields, as well as a recreation area landscaped into a series of ponds cascading from one to the other in Archie Thorburn Park.

This area will contain a continuation of the centenary walking trail.

BOARDSAILING

When completed, between 5 000 and 6 000 people will be either working or living in offices and lakeside homes, while the lake will be large enough for canoeing, sailing and board-sailing.

The lake, fed by the Jukskei River (the southernmost tributary of the Limpopo River, rising at Ellis Park), will vary in depth from 1,8 m to 6 m. The riverside will be walled and the base of the lake completely waterproofed by a concrete covered plastic lining. Flood-control sluices will keep the level of the water constant.

A R500 000, 13 m statue of George Harrison will be erected at the entrance at Settlers Park.

Massive alterations will be made to the existing roads, including the partial closure of Marcia Street, the widening of Queen Street and the construction of a diamond interchange at the junction of Queen and Marcia Streets.

Costs include R11 million for the lake, R5,5 million for removing a cable to the north of the lake, R3,5 million (of which the city council's share is R1,5 million) for the roads system, and R2 million for the relocation of the Game shopping outlet, which will be underwater when the project is completed in a few years time.

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SOUTH AFRICA

ANNUAL COAL EXPORTS COULD TOP SIXTY MILLION TONS

Johannesburg THE CITIZEN in English 7 Nov 85 p 25

[Article by Madden Cole]

[Text]

OVERSEAS perceptions of stability in the country, labour relations and trade union activity at the collieries and a potentially over-supplied international coal market will be the deciding factors in increasing South African coal export capacity, says Dr Dirk Neethling, chief director, Energy, of the Department of Mineral and Energy Affairs.

Dr Neethling who was speaking yesterday at the Capex in Energy Conference in Johannesburg organised by Engineering Week and the Techno-Economic Society of South Africa said however that the anticipated export demand by 1990 will be some 55-60 million tons a year.

"To meet this demand 15 to 20 million tons of additional coal production capacity for export will have to be created."

Dr Neethling does not foresee any apparent infra-structural constraints once the doubling of the rail line from the coal fields to Richards Bay has been completed in 1987 and provided that agreement within the private sector for the expansion

of terminal facilities at Richards Bay and Durban is reached timeously.

Capital expenditure on nuclear energy forms an inherent part of Escom's electricity expansion programme but no formal decision has been taken on the building of the next nuclear power station, he said.

"However sufficient time of about two to three years still appears to be available to plan timeously for the erection of the next nuclear plant."

The production and export of uranium oxide is seen by Dr Neethling as continuing mainly as a co-product of gold mining output.

"No new mines producing uranium as a primary product are foreseen until the presently heavily depressed export market shows definite signs of turning around."

Referring to the gas reserves discovered offshore from Mossel Bay, Dr Neethling points out that the development of natural gas for the production of synfuels and chemicals as well as for producing electricity, should be considered.

"This latter option could even be viewed as an alternative to a coastal nuclear power station provided sufficient gas and oil have been located to satisfy domestic liquid fuel requirements."

There is little likelihood of another oil refinery being erected as present capacity utilisation for the three coastal and one inland refineries is estimated to average about 60 percent. But these will be optimised and upgraded to crack the barrel even further," Dr Neethling says.

A second round of large-scale synfuel production is presently under consideration by the Government, including a coal-to-synfuel plant by AECL and Amcoal and an oil-to-syncrude project by Gencor.

These multi-million rand synfuel projects will not only have a significant impact on the local energy industry but will place service demands on the financial and industrial and skilled manpower resources of the country, Dr Neethling points out.

"Whether the manpower, particularly engineers and technicians for these megaplants is available could well be another matter."

Total foreign savings for these synfuel projects could exceed R1 000-million a year. The viability of synfuel projects too, which are sensitive to the dollar exchange rate and the international oil price, improves in corresponding economic conditions such as are prevailing in South Africa, Dr Neethling points out.

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SOUTH AFRICA

ETC TO OPEN NEW GOLD DEPOSITS IN PRINCETON

Johannesburg THE CITIZEN in English 8 Nov 85 p 20

[Text]

EASTERN Transvaal Consolidated Mines is to spend R26-million to open up and mine new gold deposits it has proved in the Princeton area.

The new orebodies — known as the Princess orebodies — are located about four kilometres south of the company's Agnes mine. Following earlier drilling, an economic assessment shows that the area has the potential to provide approximately 1,5 million tons for milling at an average recovery grade of about 5,5 g/t. This is significantly higher than the average yield of 2,8 g/t achieved by the Agnes mine in the last financial year.

It is expected that the new area will initially provide about 7 000 tons of ore monthly for milling in the Agnes plant. The total cost will include a 3 900-metre access adit from existing Agnes mine-workings and the necessary surface facilities to cater for the higher sulphur content of the ore.

Treating the Princeton ore in the existing Agnes plant, will materially assist Agnes to make optimum use of its mining, milling and treatment operations.

Work on the new project will commence within the next three months and is expected to be completed in 1989. The capital expenditure will be funded from the company's own resources.

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CSO: 3400/438

SOUTH AFRICA

DECLINE OF FARMING POPULATION REPORTED

Johannesburg SUNDAY TIMES (Business) in English 3 Nov 85 p 4

[Article by Ciaran Ryan]

[Text]

**SOUTH Africa's farming population fell from 90 000 in 1975 to 65 000 this year — a drop of 28%.**

The number of farmers leaving the land increased dramatically in the past four years because of drought and mounting debts.

Many have abandoned their farms, leaving creditors to fight it out for the assets.

One agricultural magazine, which is mailed free to every farmer, receives an average of 200 returned copies each month, indicating the scale of the migration from the land.

## Respite

Most severely hit have been maize farmers who borrowed heavily to finance plantings, although this year's crop of 7.2-million tons will provide some respite.

The value of the maize crop is almost R1.6-billion and much of the money will

go to paying debts and financing next season's plantings. There are estimated to be fewer than 6 000 farmers who rely on maize for more than 50% of their income. About 30 000 farmers grow maize in varying quantities.

The chief economist of the South African Agricultural Union (SAAU), Koos du Toit, says the flight of farmers from the land is in keeping with the worldwide trend.

He says: "There are still farmers in a healthy financial position and those with spare cash are buying farms from those who are quitting.

"The fruit and wine areas of the Cape are stable in terms of their farming population.

"Sellers are mostly small farmers. Another factor in

the declining farming population is the increasing efficiency and technological sophistication of farmers. Many part-time farmers are operating effectively."

## Slashed

The 1985 SAAU report indicated that farming debt had shot up by 28% in the past year to R9.49-billion. But farmers' ability to pay their debts had been slashed by half because of rising debt as a proportion of income.

Almost 55% of all farming debt is short term compared with 28.6% in 1970. Commercial banks account for 30% of farming credit, the co-operatives for 23% and the Land Bank for 20%.

Commercial banks are careful to lend money to good credit risks. The Land Bank, which lends money at subsidised rates of interest, has been turning away more and more farmers who have no alternative but to approach the Agricultural Credit Board to avoid bankruptcy.

## Disastrous

If there are poor rains this year, thousands more farmers will be driven off the land. A fifth year of drought would be disastrous for the economy — displaced farmers would be forced to search for work in overcrowded cities, and a food shortage have to be overcome by imports, financed at great cost from the current account.

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SOUTH AFRICA

KANGRA MERGER WITH ITALIAN GROUP REPORTED

Johannesburg SUNDAY TIMES (Business) in English 3 Nov 85 p 3

[Article by Brendan Ryan]

[Text] **GRAHAM Beck's Kangra coal group has clinched a merger with Icodev, the South African coal subsidiary of Italian energy group Agip Carbone.**

The merger has led to the formation of a group which will eventually export annually 4.5-million tons of coal, currently worth about R400-million.

Details are sketchy, but the deal was signed in Johannesburg this week by Agip chairman Francesco Cossirini.

Mr Beck, a multi-millionaire better known to the public for his horse racing activities than his coal-mining operations, could not be reached for comment this week.

### Details

Icodev managing director Alan Tew said: "In broad terms, there has been a merger of interests in South Africa between Kangra and Icodev in relation to bituminous coal."

A company had been formed to control Kangra

and Icodev. Details of how it would operate and representation at board and management levels were still being made final.

Mr Tew declined to disclose whether there had been any cash payments between Kangra and Icodev.

He said the deal showed Agip's determination to stay in South Africa and develop its interests.

Agip had held discussions with Gold Fields of South Africa (GFSA), but no agreement was reached.

### Reserves

Both GFSA and Kangra have coal deposits close to those held by Icodev in the Carolina district of the Eastern Transvaal.

Icodev has coal reserves and a 2-million ton Phase 4 export quota, but no mining operations.

Kangra, wholly owned by Mr Beck, runs several collieries. It exports 1.15-million tons of anthracite annually through the Anthracite Producers Association (APA) and 1.1-million tons of bituminous coal through the

Natal Associated Collieries (NAC).

Kangra also has a 350 000 tons a year provisional Phase 4 export allocation.

The deal is another expansion of Mr Beck's coal-mining interests which have taken off since he bought Anglo American Corporation's 48% stake in Natal Coal Exploration (NCE) in 1978.

### Another step

In 1982 he consolidated his grip on NCE through an internal deal in which he sold it the Longridge colliery in return for shares. NCE also acquired the Bee Sting colliery near Ogies.

NCE subsequently acquired the Springlake colliery, also from parent Kangra.

Kangra eventually raised its stake in NCE to 90% in October 1984 and this year took out minorities to make it a wholly owned subsidiary.

The latest deal provides Mr Beck with a 50% share in Icodev's 2-million ton Phase 4 export quota. Icodev has linked up with an existing producer whose infrastructure can be expanded to exploit its reserves.

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SOUTH AFRICA

PRICE WAR, DROUGHT, DEBT WRECK TRIOMF

Johannesburg SUNDAY TIMES (Business) in English 3 Nov 85 p 1

[Article by Ciaran Ryan]

[Text] A VICIOUS fertiliser price war, the drought and huge debt were the main reasons for Triomf's attributable loss of R21,1-million for the 18 months to June.

Managing director Kobus Becker says world demand for phosphoric acid reached an unprecedented low, and contributed to the disastrous performance.

Triomf reports sales of R361,4-million and a profit before interest of R4,9-million in the 18 months. Staggering interest costs of R35-million left a net loss after tax of R30,5-million, of which R9,5-million was attributable to the minority.

### Terrifying

Triomf's parent, Lanchem — 80% owned by Maizechem, which is jointly owned by the Louis Luyt Group and the National Maize Producers Organisation (Nampo) — announced an attributable loss of R12,9-million.

At the Johannesburg Stock Exchange's insistence, Triomf has reconsolidated its operating subsidiary, so shareholders will be able to see a proper balance sheet for the first time in years when the annual report comes out.

The interest cost disclosed

here suggests terrifying gearing.

The belated result leaves the most important questions about Triomf unanswered. What were the terms of the deal with Nampo? Was it a rescue? What is Triomf's financial position? Does Nampo guarantee Triomf loans? Will the Competition Board permit the get-together with Nampo?

What is the position of Mr Louis Luyt, who has left the board, leaving his son and daughter in the fertiliser?

### Disruption

Mr Becker says the results were released four months after the June yearend because of the disruption caused by Nampo's acquisition of a share in Triomf.

The question of there being a change of control in Lanchem has been sorted out with the Johannesburg Stock Exchange, allowing the share to be relisted after suspension in June.

### Other losers

The Competition Board is still investigating the deal, but Mr Becker expects no opposition, provided Nampo gives a guarantee that it will not sell its shares in Maizechem to the co-operatives and does not put pressure on the co-operatives to buy fertiliser from Triomf.

Most major fertiliser producers have announced big losses this year. Triomf has an estimated 25% of the South African market. Its Richards Bay plant — acquired in July 1984 — is running at 50% of capacity at a cost to the company of R5-million in the 18 months.

No comparative results were published because of the consolidation of the Richards Bay plant in 1984.

The company has unsecured foreign loans of \$69,1-million. For the purpose of this result, these are valued at an exchange rate of US\$0,50 to the rand. The rands fall to 39 US cents means there has been another unrealised loss of R40-million. No provision has been made in the results for potential forex losses.

### Optimist

Ever the optimist, Mr Becker says good news is on the way for shareholders. He says price discounting cost Triomf about R25-million in the 18 months, but is being phased out.

Negotiations are under way to export up to 100 000 tons of phosphoric acid to be refined into diammonium phosphate for re-export to Europe.

Conclusion of the deal will enable capacity at Richards Bay to be increased to 75%. The Potchefstroom plant is running at 70% of capacity.

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SOUTH AFRICA

SHIPYARDS BENEFIT FROM LOW RAND VALUE

Johannesburg BUSINESS DAY in English 29 Oct 85 p 5

[Article by George Young]

[Text] WHILE it is no secret that established shipping lines trading with SA are suffering the effects of both the international recession and the low-valued rand, these circumstances have also produced important developments representing formidable revenue for the country.

In the struggle of politics versus economics, there is no doubt that in the eyes of the Eastern bloc, economic factors constitute the major consideration.

While much anti-SA rhetoric flows from the UN, communist countries have been spending many thousand rand overhauling and repairing their ships in SA dockyards.

About half-a-dozen vessels were refitted during the past week, and more are coming in.

When a communist government was assailed by the anti-SA lobby in the UN for patronising facilities in this country, the shipping department of the communist government forwarded a copy of the protest to SA marine engineers without comment — and the following week more ships came in.

Anglovaal shipyards are currently heavily committed on Eastern-bloc ships in for refit.

The fact that ship repairs in SA are now the cheapest in the world has been the deciding factor.

Formerly-competitive yards in Portugal and Singapore have suffered such serious financial trauma that there have been major staff cutbacks, and one of the Singapore concerns is closing one of its shipyards.

That there is not more business in SA yards is attributable not only to politically hostile governments, but mainly to shipowners having cut down on repair work and preferring to expunge old ships rather than repair them.

There are currently 947 ships of various types laid up in world ports. Of the scores of tankers which, until seven years ago used the Cape route to Europe, about 250 have been scrapped as surplus to demand, and 248 are laid up in various parts of the world.

The next voyage for most will be their last — to scrapyards.

Another important breakthrough secured by South Africa and credited with saving millions of US dollars, is the successful use of a residual wax/oil product from Sasol (formerly dumped down disused mine shafts) in the diesels of the nation's second-largest commercial fleet, Unicorn.

Cheaper, more efficient and cleaner than imported fuels, the Sasol product, marketed by a Durban engineer Tony Hurter and tested in Unicorn ships, has saved the country a formidable sum in foreign currency.

Unicorn ships now make foreign voyages using WO 20, and two foreign concerns working out of this country have also seen virtue in it and made the change.

Care has been taken to ensure there is no water in the fuel. While it is recognised that there is a limit to the rate of production of WO 20, I am assured the demand is still far short of the supply, and it is no secret that the voyage profits of Unicorn reflect the benefits of the lower-flashpoint, more efficient SA fuel.

It is noteworthy that lines which take normal bunkers in these waters have had to be told by their suppliers that there is a shortage of furnace oil in Southern Africa, attributable mainly to the efficient refining of lighter fuels which leaves very little over for other purposes.

The third important benefit accruing to this country from its low-value rand is the overseas demand for mineral ore, coal, steel and other commodities.

While it is not expedient to indicate the destinations of some of the cargoes, people associated with the business smile when they note how words and works differ. Business is conducted with some of the most vitriolic anti-SA countries.

Some parcels composed of 50 000 tons of minerals, and ships to lift them, have been arranged two months in advance. Richards Bay will be busy.

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SOUTH AFRICA

AECI OFFICIAL PUSHES SYNFUEL PROJECT

Johannesburg SUNDAY TIMES (Business) in English 27 Oct 85 p 3

[Article by David Carte]

[Text]

**AECI'S new managing director, Mike Sander, is eager, under present conditions, to go ahead with AECI's R2-billion diesel-from-coal plant.**

He will lead an AECI delegation on the subject to the Government tomorrow.

But the strapping, easy-laughing Young Turk (44), who takes over the helm from the late Ted Smale, has reservations.

He warns that the conditions making a synfuel project viable are hardly ideal for South Africa.

"A profitable synfuel plant requires a low rand and that implies a troubled economy and negative foreign perceptions of SA."

### Floor price

Without the type of funding assistance from the State that Sasol had, the project is a non-starter. But a feasibility study has shown it to be viable.

One other thing troubles Mr Sander about the synfuel plant and that is the vulner-

ability of the world oil price.

AECI has benefited from SA's travails before. The chemical industry was a prime beneficiary of the import replacement drive that followed the 1976 Soweto riots and President Carter's sanctions threats.

It has been a victim of reduced protection since cash-flush 1980 when political pressure declined as well.

Still, Mr Sander prefers the healthier scenario implied by a high dollar price of gold, strong growth and political tranquillity.

Although he believes in healthy competition, he says: "Industry in a small market such as ours should pull together, take our fundamental strengths — the things in which we have a competitive advantage, our people resource, our coal and other feedstocks — and build up a long chain of different businesses working together, with Government standing behind it."

"We have done this in AECI and together with other chemical companies and I believe this, rather than

blind free trading, is the route to follow."

Mr Sander once held that nobody should do the same job for longer than seven years. Will he be boss of AECI for only seven years?

"If, after five to seven years, you are still flexible, willing to learn and a good member of the team you should go on."

Mr Sander was schooled at Durban High School and graduated in chemical engineering at Natal University. Like those other Young Turks, Warren Clewlow of Barlows Rand and David Brink of Murray & Roberts, he is a long server. He has been with AECI 23 years.

### Commercial

Immediately after joining the company he was sent to ICI in the UK for two years. In the early years, he was concerned with petro-chemical plant design.

"After a while, I deliberately sought something more commercial. I was made general manager of Anikem, a small-service oriented company, in which AECI had an American partner."

At Anikem Mr Sander first attracted board attention. After this his career started to move. He had a year at Rand Carbide and in 1978, he moved to the Chlor-Alkali plastics division. After a year, he became MD and worked closely with main board member, Ted Smale. He joined the AECI board only last year, so his recent rise has been meteoric.

### Early days

His plans for AECI?

"I was appointed only yesterday, so it's early to say. My first job is to make sure the organisational changes we made last year evolve and develop to fruition. We'll stay with the same structure."

"In explosives, we will continue with our strategy of decentralised factories and technological advancement. There are good opportunities to de-bottleneck in Chlor-Alkali and plastics. Here we can get big returns for small outlays. A major objective is to encourage new directions for the company."

SOUTH AFRICA

HOUSEHOLD SUBSISTENCE LEVEL RISES DRAMATICALLY

Johannesburg THE STAR in English 5 Nov 85 p 5

[Text]

The general household subsistence level for a black family of six rose from R130 a month in April 1976 to more than R300 a month this September for the five major centres, a university survey has found.

And the Port Elizabeth University's Institute for Planning and Research survey predicts that the average subsistence level for a black household in Cape Town, Port Elizabeth, Johannesburg, Pretoria and Durban will rise to R453 a month by October 1988 — provided the inflation rate remains constant.

The institute updates its household subsistence level survey of black, coloured and Indian families every six months.

The latest survey was done in September. It was found that following the previous six months of hefty increases in the cost of living, the last six months showed relatively few increases despite an increase in the consumer price index of 5,7 percent.

The survey found the price of items exempted from general sales tax was low and for some items such as meat, fish, milk powder and vegetables, prices were generally lower than in the previous six months.

LOWER INFLATION

Viewed during the past year the cost of living for black families rose on average by 11 percent and for coloured families by 12 percent, which is lower than the inflation rate of 16,4 percent for urban centres and 14 percent for lower income groups.

In the third quarter of this year Johannesburg was the most expensive centre for black families, with a monthly subsistence level of R365, followed by the Vaal Triangle (R363) and Pretoria (R358).

Benoni (R313 a month), Pietermaritzburg (R318) and East London (R321) were the cheapest places for a black family to live. Durban (R339), Cape Town (R332) and Port Elizabeth (R332) were in the middle.

There is a noticeable variation in the cost of living for black families living on the East and West Rand.

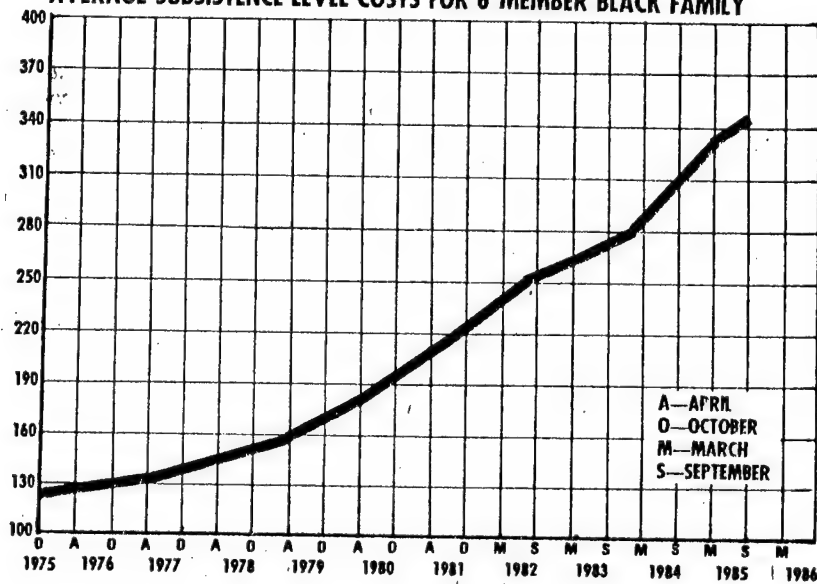
In Krugersdorp the household subsistence level is R348 a month, while in Boksburg it is R326, Brakpan R344, Germiston R340 and Springs R330.

The variation is explained by different rental rates. The survey notes that in several centres where service charges have been approved these have not been implemented due to the unrest.

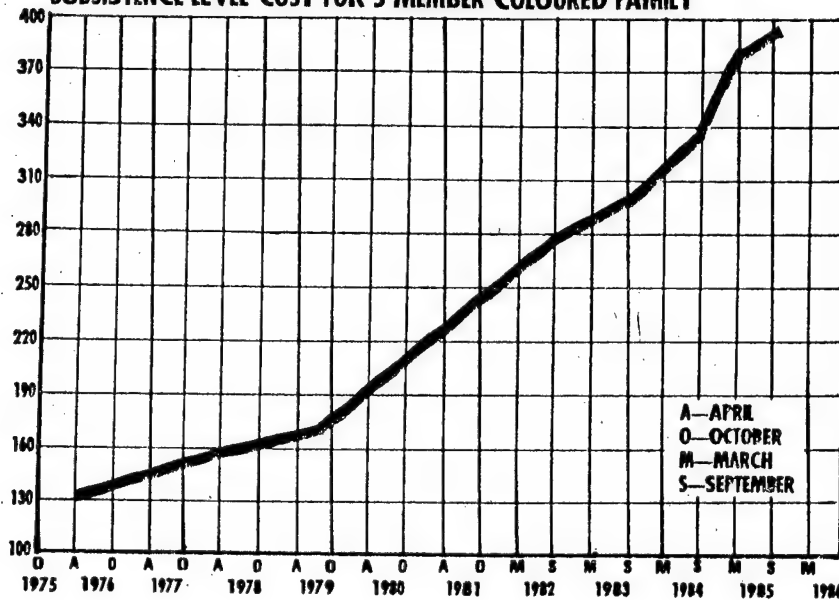
The household subsistence level for a five-member coloured family ranged from R316 a month in Uitenhage to R366 in Durban, R379 in Pretoria and R389 in Johannesburg.

The household subsistence level for an Indian household of six in Durban is now R401 a month. No statistics are given for Indian families living elsewhere.

**AVERAGE SUBSISTENCE LEVEL COSTS FOR 6 MEMBER BLACK FAMILY**



**SUBSISTENCE LEVEL COST FOR 5 MEMBER COLOURED FAMILY**



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SOUTH AFRICA

CONTRIBUTIONS TO MEDICAL AID TO INCREASE

Johannesburg BUSINESS DAY in English 4 Nov 85 p 3

[Article by Stephen Cranston]

[Text]

CONTRIBUTIONS to medical aid schemes are expected to increase by 24% next year as medical costs soar. Contributions this year have already increased by an average of 22%.

Employees usually pay half the medical aid contribution, with the employer picking up the other half. Self-employed people will bear the full brunt of the increases.

Medical schemes report that the average value of each claim has increased steeply — between 1983 and 1984 there was a 19% increase in ordinary claims and a 25% hike in specialist claims.

People are also making greater use of their medical schemes.

Use of the schemes increased by 3% this year.

To cater for the increased costs patients face, medical schemes will increase doctor's tariffs — the amount paid on a claim regardless of the doctor's charge — by an average of 12,5%.

The tariff for a consultation will rise by 43% from R9,50 to 13,60.

Many doctors already charge more than this for a visit.

Blacks will be hit harder by the higher contribution charges. Their consultations with general practitioners account for 25% of their claims on medical

schemes. Visits to GPs make up only 8% of whites' claims.

Medical scheme administrators claim that it is not only the medical profession that is pushing up costs.

Whites are the most pampered people in the world when it comes to medical attention, says John Ernstzen, chairman of the Representative Association of Medical Aid Schemes (Rams).

"They seem to think that every discomfort must have a pill to cure it. So there are a huge number of unnecessary sedatives, tranquillisers and analgesics that these schemes have to pay for.

"The message I would like to drive home is that doctors and patients must be realistic if the schemes are going to be cost-efficient."

Imported medicines are also contributing to rising costs.

SA produces few medicines and imports a great deal of technical equipment.

Medicines accounted for 23% of schemes' payouts last year, but this figure is creeping up. Schemes which previously allowed R25 on the average medicine bill recently increased this to R36.

SOUTH AFRICA

DETAILS ON PALMIET PUMPED STORAGE SCHEME GIVEN

Cape Town THE ARGUS in English 30 Oct 85 p 7

[Article by John Yeld]

[Text]

**CONSTRUCTION of the giant Palmiet Pumped Storage Scheme in the ecologically-sensitive Kogelberg mountains near Grabouw is proceeding under strict environmental monitoring.**

The R254-million joint Escom/Department of Water Affairs project is the third pumped storage scheme in the country and will add 400 megawatts of power to the national grid when it is commissioned in 1987/88.

The scheme will also augment Cape Town's water supply by about 30 million cubic metres annually. A concrete canal cut through a watershed will link the new Rockview reservoir in the Palmiet river system with the two Steenbras dams. At present the dams hold approximately 60 million cubic metres of water when full.

In a pumped storage scheme the power station utilises gravity-fed water from an upper reservoir to generate electricity during peak periods and then uses the surplus of electricity available during off-peak periods to return the same water to the reservoir for re-use.

Before the construction of the Palmiet scheme an independent consultant was appointed to analyse and survey the area and an environmental impact control plan was drawn up to incorporate control guidelines into all construction activities.

Resident environmental control officer Miss Megan Anderson said that although the civil contractors were "contractually bound" to abide by the control plan, they were nevertheless being "very amenable and interested" in the plan.

### Policing

Most of her present work consists of "policing" to ensure that workers do not move beyond restricted areas, that there is no poaching or picking of flowers, checking on water quality and ensuring proper refuse removal.

Major environmental inputs of the project include:

- Re-siting the 40-metre high concrete surge tank so as to lessen its visual impact;

- Preventing road access to the very sensitive Wolwekloof where water is piped for the project. Labourers brought in 30 tons of concrete by hand for the construction of a weir more than one kilometre long.

- Re-routing a road to the new Rockview reservoir. The four-kilometre longer road follows the natural contours and minimises ecological damage;

- Rehabilitating the verges of the road and future rehabilitation of areas like that above buried pipelines;

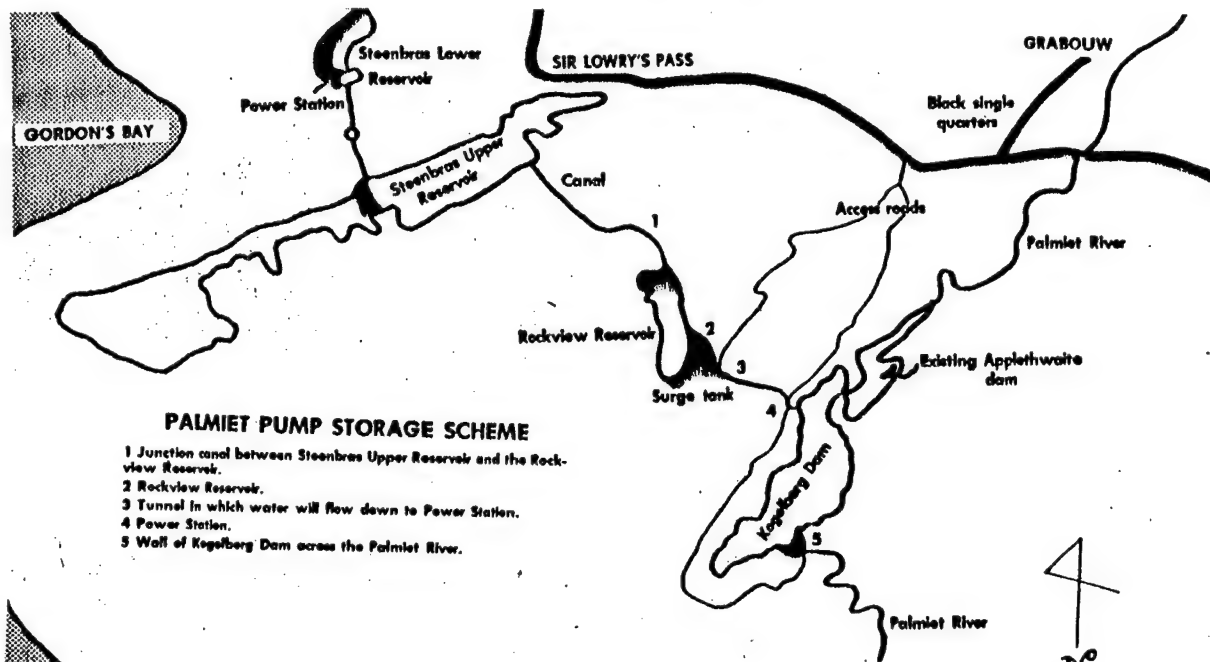
- Stacking valuable topsoil (containing a large seed reserve) which was removed from disturbed areas and replacing it after construction is finished.

A group of conservationists and journalists, including representatives from the Wildlife Society, the Cape Department of Nature and Environmental Conservation and the Southern African Nature Foundation,

were taken around the site by Escom officials recently.

Mr Ian Macdonald, chairman of the local branch of the Wildlife Society and researcher at the University of Cape Town's Percy FitzPatrick Institute of African Ornithology, said the society was "highly encouraged" by the "obvious concern" with which Escom and the Department of Water Affairs viewed the environmental impact of the scheme.

"However, we have certain reservations about the extent to which the environmental impact controls are being monitored and we would like to see this improved in the future."



The site of the Palmiet Storage Scheme between Steenberg Upper Reservoir and Kogelberg Dam.

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SOUTH AFRICA

CITY CLOTHING EXPORTS HIT BY SENTIMENT AGAINST RSA

Cape Town WEEKEND ARGUS in English 26 Oct 85 p 1

[Article by Tom Hood]

[Text]

AMERICAN clothing importers are taking advantage of anti-South African sentiment and forcing down the price of garments exported from Cape Town factories.

Some export prices have become uneconomic but the industry should try to absorb them even though domestic business is falling, says the chairman of the Cape Clothing Manufacturers Association, Mr Simon Jocum, who has returned from a seven-week overseas visit.

Export business usually took years to develop and hopefully it would become more profitable again.

"Exports don't just happen — it can take a year to two years to get going — but to be successful we must enjoy the right political climate and a healthier domestic market to recover fixed overhead costs

which cannot be passed on to the highly competitive clothing markets."

The industry was vigorously pursuing the export markets of the United States, Britain, and other parts of Europe and North America, notwithstanding the fall of the rand to 40 cents.

Because of the high profile South Africa was enjoying on television, boycotting movements had increased their pressures from government to business.

The American consumer, a fair-minded intelligent person, was exposed to daily reports of violence taking place in South Africa and perceived the police as trigger-happy and going about shooting children.

"Importers see a risk factor and are asking us to quote prices at below economic cost levels, taking away the advantage of the weak rand.

**Distressed, depressed**

"I tried to do my bit but I found resistance in bringing overseas buyers to Cape Town unless I can guarantee their safety."

Mr Jocum said the country's clothing industry was "distressed and depressed".

Unemployment increased by 700 in the Cape in the past month after two more factories closed down.

It was beginning to stabilise but the widespread unrest and the slow pace of reform did not lend confidence to the situation.

The number of employees stood at 54 700 compared with 61 800 at this time last year, a drop of 7 100.

The weak rand had forced local textile mills to increase their prices drastically. Wool and cotton had to be paid in dollars at internationally set prices.

Retailers were holding back in their purchases "until the smoke settles" and were buying from hand to mouth, which caused chaos in planning forward for the future.

They were waiting to see what happened at Christmas before placing their orders for the first half of 1986.

**Buying power**

"What is further disturbing is that unrest at schools has a worrying effect on the workforce. Parents worry about the activities of their children unattended at home as they are not able to go to school because of the unrest. How can people be expected to shop in certain areas amid the unrest? This affects the entire work situation."

The falling rand was not even helping the situation but the increased inflation rate was eating into the consumer's buying power.

The only way the clothing industry could grow was when unemployment was reduced and more jobs were created.

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SOUTH AFRICA

BLACKS MUST DECIDE ON FREE-ENTERPRISE SYSTEM

Johannesburg THE CITIZEN in English 5 Nov 85 p 28

[Text] IT IS up to Black business to determine whether the free-enterprise system will be accepted by the Black population.

This was said in Soweto last week by Dr Walter Hasselkus, managing director of BMW South Africa.

Speaking at the annual banquet of the Greater Soweto Chamber of Commerce, Dr Hasselkus said the Black business community should convincingly demonstrate its sense of social responsibility.

"When Black businessmen become a force for improving the living standards of Black South Africans, people will begin to appreciate that free enterprise ultimately benefits all people, not just the wealthy," Dr Hasselkus said.

"Black business should be seen as an important means of creating employment opportunities for Blacks. They should make Blacks aware of the social benefits of free enterprise and they should help people understand the relationship between

productivity, inflation and economic growth."

Dr Hasselkus said the eradication of racism should lead to a stage where there would no longer be talk of 'White' and 'Black' business and consumers.

He said the increasingly powerful socio-economic role of the Black business community, combined with the innovative approach of most multinational companies, could ensure substantial economic development and growth in South Africa.

"South Africa should no longer rely on its gold revenue as the impetus for future growth. Our future is in exports of goods produced in South Africa with the know-how imported by multinationals.

"The multinational companies have in addition been responsible for enormous job creation and for the training of people for those jobs. Through these efforts the multinationals have played an important part in uplifting the living standards of the Black community, which is crucial for future economic growth."

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CSO: 3400/438



SOUTH AFRICA

HELICOPTER DEAL WITH FRANCE

Paris THE INDIAN OCEAN NEWSLETTER in English 9 Nov 85 p 2

[Text]

The French right-wing newspaper Le Quotidien de Paris reported on November 5 that France's Aérospatiale company had sent five engineers to South Africa at the beginning of September with a mission to help set up a combat helicopter manufacturing industry. Aérospatiale, a company closely controlled by the French state, had supplied several types of aircraft, including the Puma SA 330 helicopter, to South Africa before an arms embargo was introduced by the then president of France, Valéry GISCARD D'ESTAING.

According to the Quotidien de Paris, an engineer was sent to South Africa at that time to help in the maintenance of these aircraft, and alternative supply routes were set up to ensure that spare parts continued to be provided. Those routes passed through third countries like Israel and even Algeria.

After 1981, and despite the arrival of the Socialist government in power, Aérospatiale reportedly continued its collaboration with the South Africans, supplying them for example with the means to give their Pumas a performance similar to those of the SA 332, the Super Puma, such as more powerful engines, new gear boxes, and new rotor heads and blades.

This new development, with the despatch of the five engineers, would mean no less than a transfer of technology enabling South Africa to have its own helicopter industry. The South African authorities reportedly began negotiations on this subject with Aérospatiale after the United States refused to supply them with Black Hawk helicopters. The Quotidien said a licence deal for the equivalent of 50,000 man-hours was concluded by Jean-Claude PASCALUCCI, who has already handled similar contracts with Romania, Yugoslavia, China, Egypt, Singapore and Brazil. The master-minds of the programme were said to be Joseph ROSTAING, one of the developers of the Alouette III, Dauphin and Rally helicopters, Jean GRANCOING, head of the helicopter support personnel section, and Jacques ANDRES, former head of the SA 332 design office.

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SOUTH AFRICA

RESERVE BANK GOVERNOR OPENS FINANCIAL MAIL INVESTMENT MEET

Johannesburg BUSINESS DAY in English 15 Nov 85 p 7

[Article by Lesley Lambert]

[Text]

**RESERVE** Bank governor Gerhard de Kock has said that despite recent trials and tribulations, 1986 should be a year of economic upswing, moderate

growth and increased employment.

Opening the *Financial Mail* Investment Conference with this touch of optimism, De Kock told delegates that the expected upswing would be accompanied by a smaller but sustained surplus on the current account of the balance of payment and only slight demand pressure on prices.

The bad news was that the monster inflation was yet to be conquered and the rate of real economic growth would not be as high as forecast under more favourable circumstances.

Although in the short-term the choice of monetary policy implied a shift from fighting inflation to promoting growth and employment, the curbing of inflation remained high on the priority list. Fears expressed by some that the rate of inflation might rise to between 20% and 30% were totally unfounded.

De Kock referred to the issue of economic sanctions only in passing.

He stressed that the debt negotiations now underway were not being approached as a "winding down" exercise, but rather as an attempt to "normalise" SA's relations with foreign financial institutions and markets.

"We are looking forward to a continuation of trade financing and cap-

ital inflows in other forms. It is for this reason that certain forms of debt — amounting to about \$10,3bn — has been left 'out of the net'.

"Only a portion of this debt fell due for repayment in 1986, and it was expected that most, if not all, of these maturing loans or credits would be rolled-over or replaced by new facilities."

Although the need to maintain a substantial current account surplus to enable debt repayment would restrict economic growth, meaning fewer goods available in SA for public and private investment and consumption, De Kock said:

□ For the time being there was enough surplus capacity and unemployment in the economy to permit a marked economic recovery without undue pressure on imports, especially if the depreciated exchange rate of the rand was taken into account.

□ Even if SA's longer-term economic development was constrained by the need to maintain a large current account surplus, there would still be cyclical upward and downward phases in the economy.

The net outflow of capital was likely to decline because, with or without a standstill, a rise in imports would tend to be financed to some extent by overseas suppliers' credits or other credits.

The policy of stringent monetary and fiscal discipline applied during the past year had greatly strengthened the ability of the economy to withstand the present abnormal pressure on the capital account.

At the same time it had created scope for investment and consumption spending to rise in the period ahead without putting excessive pressure on either prices or imports.

Although the new upswing would start from a low base, a positive real rate of growth of gross domestic product (GDP) of about 3% was indicated for 1986, compared with a negative growth rate of about 0,5% in 1985.

Real gross domestic expenditure, which stopped declining during the third quarter this year, was expected to rise by about 4% next year. Increases in both private and government consumption expenditure, with some build-up of inventories, were expected to contribute to this rise. No upturn in real fixed investment was expected just yet.

As far as the balance of payments was concerned, De Kock said present indications were that even if the growth rate accelerated to 3% in 1986, the current account would still show a substantial surplus of around R4bn.

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SOUTH AFRICA

GOLD MINING INDUSTRY URGED TO BE COMPETITIVE

Johannesburg BUSINESS DAY in English 15 Nov 85 p 7

[Article by Liz Rouse]

[Text]

THE gold mining industry could be faced with having to promote marketing of surplus output, Julian Baring, mining partner of James Capel & Co, told delegates at the *Financial Mail's* annual investment conference yesterday.

The gold mining industry worldwide could be faced with having to market an extra 100 tons of gold, which in a good year would otherwise have been sold to buyers of Kruggerands.

He posed the idea that gold would have to be treated as a competitive product on three premises:

□ The gold price was still high in terms of its long-term purchasing power. It might take time for inflation to catch up with it.

□ Meanwhile, other instruments had been created to substitute for gold — index linked bonds, financial futures, traded options, floating rate bonds and zero coupon bonds.

□ No newly-mined gold would be used for the American Eagle, which would be minted from US Treasury gold.

All the financial investment instruments were designed, to a greater or lesser extent, to offer an alternative to gold. "It is therefore hardly surprising that when taken with low OECD inflation and buoyant markets elsewhere, investment demand remains subdued."

Traditional buyers were not prepared to pay more than \$330. That left the industry with fabrica-

tion demand, of which the most important was jewellery.

Baring suggested that the jewellery industry was a fragmented business. If the gold mining industry worldwide were to spend 5% of its annual revenue on promotion or vertical integration, about \$600m would be available, of which SA's contribution would amount to about \$350m. If expenditure of such a sum succeeded in increasing demand, jewellers could perhaps be induced to reduce margins and thereby improve their sales volumes.

"What is clear to me is that there is no room for complacency. The mining industry has waited long enough for an unaided improvement in the gold price," Baring said.

He demolished the mystique attached to the gold price in SA and its eternal bullishness about the price.

"I wish someone would explain to me why the main producer of this wonder metal is having such a hard time? After all gold remains about the only metal whose price is high enough to be worth looking for in every country, including the US, and this suggests the price in real terms is still relatively high."

The factors which everyone identified as being important for gold — mounting inflationary pressures in the Western world, international and domestic debt problems and huge US budget and trade deficits — seemed to be hav-

ing remarkably little impact on the price.

Yet gold shares in many countries were on multiples and yields which suggested great growth potential for the metal. (See table). In contrast, the behaviour of gold itself suggested that gold had run

ahead of the game and was waiting for inflation to catch up with it.

If gold was "money you can trust", it should have maintained its purchasing power. If it had done so from 1914 (the last year a pound note could be exchanged for a sovereign), the price today should be \$292 an ounce.

Either way, it suggested that the gold price was already discounting some acceleration of inflation in the US. Taking current US inflation rates of 3.5%, it would take 16 years for inflation to catch up with the gold price, if 1914 was used as a starting point, and three years, starting from 1935.

"The financial system may be scary enough to explain gold's premium and even to justify it, but perhaps undue optimism about future price levels should be tempered."

Baring said North American gold shares were "dangerously high" in the absence of a marked increase in the gold price. Non-South African shares did particularly well when things went wrong in SA and were highly rated when times were difficult here.

But there had been a regular small demand for the US stocks where the gold funds were still

attracting a trickle of new money which could turn into a flood if the dollar showed continued weakness.

Such a flood could easily result in an acute stock shortage as there were always SA institutional buyers in the market for gold shares. Long-term holdings of the mining houses also helped to keep scrip in fairly tight supply. That meant there was not much downside potential in gold shares.

|                          | Market Cap.<br>31.10.85<br>U\$m | 1986 Est.<br>Production<br>'000 ounces | Market<br>Cap/oz<br>US\$ | 1986 Est |           |
|--------------------------|---------------------------------|----------------------------------------|--------------------------|----------|-----------|
|                          |                                 |                                        |                          | P/E      | Yield - % |
| <b>Australia</b>         |                                 |                                        |                          |          |           |
| Emperor .....            | 63.8                            | 64                                     | 997                      | 13.1     | 4.5       |
| GMK .....                | 76.2                            | 61                                     | 1 249                    | 12.1     | 6.7       |
| Kidston .....            | 463.8                           | 300                                    | 1 546                    | 8.4      | 6.6       |
| Metana .....             | 36.2                            | 30                                     | 1 207                    | 8.9      | 3.0       |
| Poseidon .....           | 92.7                            | 68                                     | 1 363                    | 11.3     | 4.2       |
| <b>USA</b>               |                                 |                                        |                          |          |           |
| Battle Mountain .....    | 473.0                           | 228                                    | 2 075                    | 17.9     | 0.9       |
| Freeport McMoRan .....   | 413.0                           | 175                                    | 2 360                    | 48.8     | —         |
| Homestake Mining .....   | 1 018.0                         | 615                                    | 1 655                    | 42.0     | 0.9       |
| <b>Canada</b>            |                                 |                                        |                          |          |           |
| Lac Minerals .....       | 684.0                           | 550                                    | 1 244                    | 30.3     | 0.9       |
| Echo Bay .....           | 541.0                           | 250                                    | 2 163                    | 28.9     | 0.7       |
| Placer Development ..... | 795.0                           | 400                                    | 3 018                    | 52.9     | 1.3       |
| Campbell Red Lake .....  | 754.0                           | 250                                    | 3 016                    | 52.9     | 1.3       |
| <b>South Africa</b>      |                                 |                                        |                          |          |           |
| Vaal Reefs .....         | 1 016.5                         | 2 894                                  | 351                      | 5.7      | 13.9      |
| Randfontein .....        | 403.5                           | 1 099                                  | 367                      | 3.4      | 12.2      |
| P Brand .....            | 231.6                           | 733                                    | 316                      | 3.1      | 14.0      |
| Lorraine .....           | 55.2                            | 280                                    | 197                      | 2.6      | 13.4      |
| Leslie .....             | 23.2                            | 128                                    | 184                      | 3.1      | 30.1      |

● SA gold share yields outstrip the rest

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SOUTH AFRICA

BUSINESS URGED TO REGIONAL DEVELOPMENT

Johannesburg BUSINESS DAY in English 15 Nov 85 p 7

[Article by Andre Van Zyl]

[Text] BUSINESS should not reject regional development just because decentralisation underpinned the policy of separate development, said Simon Brand, chief executive of the Development Bank of Southern Africa.

Speaking at the *Financial Mail* investment conference yesterday, he said with the confederal, federal and other constitutional models being proposed for SA, it would be naive not to expect decentralised political decision-making to develop and to serve primarily regional interests.

He said the private sector had tended to reject, or at least become increasingly critical of the whole concept of economic decentralisation and, with it, the idea of development in the self-governing and independent states.

However, Brand said, it must be accepted that the existing national state governments were likely to play a role in giving form to any future regional decision-making entities.

This process had already been demonstrated most strikingly by the current KwaZulu/Natal initiatives.

Whatever the form such regional development might take, he said it would be necessary to identify elements that would be compatible with future constitutional developments:

☐ Demarcating regions should be done as far as possible on economic grounds.

☐ A multi-sectoral approach should take into account the natural resource endowment of each region and the substantial investment which had already occurred.

☐ A clear distinction between public and private sector roles would have to be drawn, with the former focusing on infrastructural development and the latter on directly-productive activities.

☐ The provision or extension of infrastructure would have to be guided by market signals.

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SOUTH AFRICA

EXPORTERS TOLD TO AVOID SAFTO

Johannesburg BUSINESS DAY in English 15 Nov 85 p 7

[Text] EXPORTERS must avoid organisations like the SA Foreign Trade Organisation (Safto) if they hope to exploit foreign markets.

They are perceived overseas to be linked to government, the *Financial Mail* investment conference was told.

Export consultant John Bell said any export that could be linked to the South African government suffered an immediate disadvantage.

Taxpayers' money directed to organisations like Safto and the SA Inventions Development Corporation could be better spent elsewhere to avoid the perception of government-supported or politically-supported export efforts.

Said Bell: "Avoid any organisation which smacks of official South African support for your effort. It hurts our pride, but the outside world demands it. Seek all the professional advice you can, but go it alone."

He said that although most exporters considered the outside world to be hostile, this hostility was overrated.

Because of a national tendency to overreact, too many manufacturers feared the arrival of Doomsday because of a series of petty actions of certain people in other countries.

"Doomsday, however, is not approaching. These problems, and the ones to be encountered in the future, exist to be overcome. Tactics must be changed and strategy replanned."

As part of that strategy, he said, more attention had to be paid to invisible exports.

"South Africa has one of the lowest ratios in the world of technology export income compared with its research and development expenditure.

"Here again, the state and quasi-government organisations must follow world trends and take a back seat.

"Private professional organisations exist to negotiate technology transfers, and we simply cannot afford to have any hint of official state involvement."

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SOUTH AFRICA

ANALYSIS OF RAND'S DECLINE OFFERED

Johannesburg BUSINESS DAY in English 14 Nov 85 p 8

[Article by David de Kock: "The Judas Rand"]

[Text]

I BELIEVE that abbatoirs have a ram which leads the nervous sheep to the slaughter. This ram — which never falls under the butcher's knife — is known as the Judas ram.

One can draw an analogy with the rand. It is being blamed for all our country's ills. Companies and even the man-in-the-street are being led to the slaughter. Petrol prices, food prices and even insurance policy premiums are going up because of the fallen rand.

But is this correct? Is the rand really the cause or is it merely a symptom of deeper ills? The diagram sketches the events and situations which have led to the fallen rand.

Clearly our analysis must begin with the supply/demand situation. The rand has fallen because fewer people are prepared to hold the currency — thus we have had more sellers and less buyers of rand.

On the sellers' side we have repayments of foreign credits which fell outside the standstill net. This arose out of a lack of planning and inadequate supervision of the maturity ladder of foreign credits.

If some central control had been in place we would not have had a bunching of maturities. If adequate banking had prevailed we would not have been borrowing so short to lend so long.

Furthermore, if we had not had the state of emergency, Rubicon and the

credit standstill we may probably not have had to meet these repayments — i.e., the credits would have been rolled.

We also have on the sellers' side the advancing of import payments through shortened foreign credit periods and foreign disinvestment, both direct and indirect through transfer pricing.

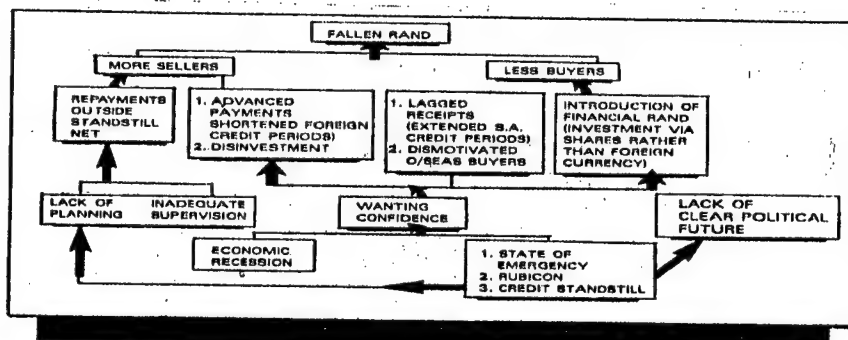
This, together with fewer buyers of rand resulting from lagged receipts of export earnings, and demotivated overseas buying interest and the introduction of the financial rand (which implies that new investment in SA is via share arbitrage rather than foreign currency) has resulted from waning confidence in SA.

## Deflating

Why has confidence in SA waned? To some extent because of recessionary economic conditions but primarily because of concerns and uncertainties created by the state of emergency, the deflating Rubicon speech and the loan credit standstill. And these are symptomatic of the lack of a clear political future for SA.

And there we have it — the nub of the problem and the real Judas ram is that we have no definition of our political future. Nobody tells us anything





any more — we are like a bunch of sheep milling around aimlessly.

Do we need a definition for the rand to recover? Ultimately we do, and perhaps we will get it at the President's Council meeting this afternoon. But our political framework is so steeped in history and tradition that I doubt whether we will ever be able to move fast enough to satisfy enough people simultaneously.

In the interim we could attack the symptoms. Relatively little more can be done to discourage selling of rand — it has probably reached the peak anyway. The financial rand is an evil with which we must live for the meantime. We are left with lagged export receipts.

We could shorten the legally permissible credit period (six months), but, as I have said before, that would merely detract from our marketing capability. The solution would seem to be an encouragement for exporters to enter the market to sell their foreign currency forward.

This can be done by engineering an upward shift in the exchange rate, thus forcing exporters to cover for-

ward to protect their profits. It could probably be achieved by active central bank intervention in the initial stages and until exporters enter the market en masse.

## Drawbacks

But this has drawbacks — the central bank has sufficient reserves to prevent a fall, but does it have sufficient to engineer a rise in the exchange rate?

Perhaps we should look again at fixing the exchange rate at a somewhat higher level, especially one followed by some advance notice to allow exporters sufficient time to cover forward their export proceeds at current favourable rates.

The Judas ram image of the rand will be eliminated and we can begin to attack the real problem. Let's have some action for a change — any action will do.

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SOUTH AFRICA

REDUCTION OF GOVERNMENT SPENDING URGED

Johannesburg BUSINESS DAY in English 14 Nov 85 p 8

[Editorial: "Spending Folly"]

[Text] **T**HERE is no way South Africa can spend its way out of the present recession without creating worse problems in two or three years.

There is no trade-off between inflation and unemployment. It is no good arguing that with demand in the economy so low and the money supply shrinking, rising government spending is a useful way of gingering up business activity and creating more jobs quickly.

That won't do at all. For while there is little immediate likelihood of demand exceeding the economy's ability to supply and thus pushing up prices, it won't take very long for this to happen given the other powerful inflationary forces in operation.

Almost every day now costs are being pushed up substantially by a depreciating rand. The pressure is especially strong on imports which have been pared down to just about what is necessary to keep the economy in motion.

Even assuming that the rand steadies at current levels, which should moderate the rise in the cost of imports, domestic infla-

tionary pressures coming from high pay for civil servants and other administered prices remain strong.

So rising inflationary expectations will soon lead to a rise in aggregate demand as government outlays build up in banks, and interest rates are prematurely manoeuvred down by Church Square.

Of course, all these inflationary pressures could ultimately be contained if there were no growth in the money supply. This is because there will not be sufficient credit to finance a substantial rise in aggregate demands. But that means deepening the recession even more.

So our guess is that government will not allow the Reserve Bank to keep the money supply under control. If it did, the increased outlays that Deputy Treasury chief Gerhard Croeser talks about would be pointless.

We do not for a moment suggest that government should do nothing about the economy. But the path it has chosen is the wrong one. Now is the time to reduce government spending, cut taxes to encourage saving and investment, and privatise vigorously.

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SOUTH AFRICA

MURRAY, ROBERTS PLAN TO EXPAND CASH BASE

Johannesburg BUSINESS DAY in English 15 Nov 85 p 5

[Article by Cheryl Iretton]

[Text]

**MURRAY & Roberts'** (M&R) proposed R70m rights issue is part of the group's short-term plan to establish a broader cash base and limit its borrowings.

"We want to generate as much cash as possible," says group CE Bill Bramwell.

"Not for any specific acquisitions, but because we believe interest rates, currently on the way down, could rise again in the not-too-distant future."

When that happens, the construction-based group doesn't want to be saddled with heavy interest payments.

"Having said that, it doesn't mean we are planning to creep into a shell and draw the shutters. We are constantly looking for new opportunities."

But there are two qualifying factors a company must satisfy before being eligible to join the Murray & Roberts fold.

"It must be a real bargain — goodwill has gone out the window — and it must fit into our existing activities."

"Through any acquisition, we must be able to improve our market share and penetration."

In the longer term, M&R wants to extend its activities in coal — "and we are going to move less into smoke-stack industries and more into advanced technology".

The group will continue to aim for a balance in its portfolio, so that it is not affected by economic fluctuations in any particular sector.

It is a philosophy which appears to have worked well for the group.

Its spread of activities has enabled M&R Construction to stave off the effects of a general industry slump and to post satisfactory results.

Bramwell doesn't see the construction industry

recovering in the next 12 months, but says there are already a number of companies within the group showing signs of growth.

"Our policy to decentralise construction has paid off. Construction is a regional activity and one area will lead or lag others because of the difference in tempo at which work arises."

"It is important that we recognise this and be represented in these areas."

M&R Construction has aligned itself closely with infrastructure projects which, in the past, have helped cushion variations in the general economic climate. These projects have been an important source of large-scale work.

Now, for the same reasons, the division is linking itself with toll roads and hopes to be involved in the Mossel Bay project, if it goes ahead.

International construction activities, assisted by currency variations, were very profitable for the group last year. Non-South African activities are kept quiet, but Bramwell hints there are no plans to trim outside operations.

In common with general engineering activities, M&R's engineering companies fared badly.

There has been some work available in this market but, because of the desperate state of the industry, pricing has been ruthlessly competitive.

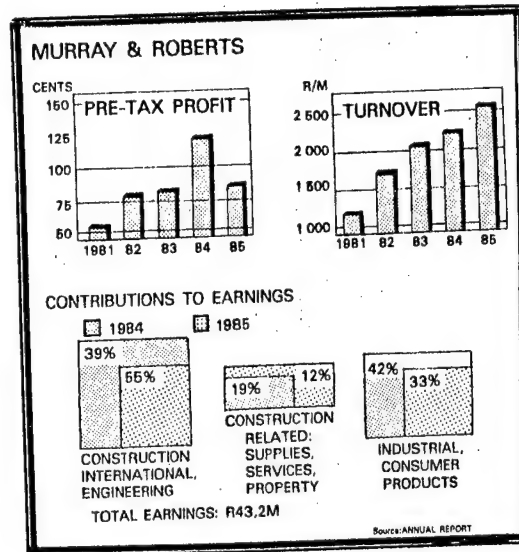
"On the whole, we have been able to read the cyclical developments in the construction and property markets quite well."

"We are always watching the changes in the market place and so far haven't been caught short."

The same may not be the case on the property side, where M&R's Cape portfolio, comprising projects worth over R30m, came on stream a bit late. Although some are still under construction, selling has been slow.

Bramwell says that although the construction industry has been in decline for three years, it is unusual to have an across-the-board slump.

"As a result, a lot of people have fallen out of the



trees in the last few months. But it clears the system."

M&R Construction has had a turnover of more than R1bn every year but the group's other divisions — encompassing consumer products and construction-related activities — have been bruised by the recession.

The supplies and service side, linked to general construction activities, has been through a rough time and contributions to earnings declined from 19% in 1984 to 12% in 1985.

This sector is operating in a shrinking market, but Bramwell says this is no reason to abandon any companies operating in this area.

"We may sell or close a company if it ceases to perform or if it no longer fits into the group or division.

"But, in the last four years, we have only disposed of about 12 such companies."

The consumer products and industrial sectors did not perform as well as they had in the past.

"Foundries linked to the motor industry had a difficult time and their results are down on last year.

"The government is reducing interest rates and extending hire purchase terms to create a measure of stimulation in the economy.

"These moves could react favourably on motor, caravan and food sales. We should have a small recovery off last year's low during 1986."

However, he says the short-term relief will be at the expense of the inflation rate.

Bramwell echoes the civil engineering industry's call for urgent privatisation of state and municipal construction activities.

"The present system is wasteful on plant, skilled labour and resources and from the point of overall efficiency.

"There are far too many regional-based road construction units working only 20-30% of the time. This work must be handed over to the private sector on a competitive basis."

SOUTH AFRICA

CRUISE LINES CURTAIL RSA OPERATIONS

Johannesburg BUSINESS DAY in English 11 Nov 85 p 5

[Article by George Young]

[Text]

SOUTH Africans will not have much opportunity for ocean travel in the immediate future.

Only one passenger liner is scheduled to come on the seaboard for a short holiday season operation next month. South Africans wanting a cruise will have to fly to join a liner elsewhere.

SA is considered unattractive for liner owners committed to cruising because of several factors. The only reasons some vessels have come down at have been because of the northern winter curtailing operations and the need to keep crews for re-opening in March of the popular cruise liner playgrounds — the eastern Mediterranean and Caribbean.

Factors against use of cruise liners in SA waters are:

- ☐ Fares are paid in rands while the ship must meet its costs in dollars or European currencies;
- ☐ Oil bunkers shipped in Durban have to be paid in dollars;
- ☐ The number of attractive ports offering facilities for passengers is limited. Mauritius and the Seychelles are the only two suitable terminals;
- ☐ The long haul to SA to undertake the cruises, and then the return voyage to Europe in the off-season, sees accommodation often less than 25% filled.

The Greek vessel, Constellation, which has been coming down every year, ended the arrangement when the Johannesburg charterer realised that the fares in rands would need to be trebled to meet the hire charge for the ship, usually about \$R20 000 a day.

Bookings for the Constellation have been funnelled to the larger Italian liner Achille Lauro, which in recent weeks became a household name since its hijacking by Palestinian terrorists.

But the charterers here face the same currency problems, plus the fact that the Achille Lauro is a substantially larger and more expensive ship.

On the voyage from Durban to Mauritius, the liner can expect to consume 65 to 70 tons of oil a day, costing nearly R290 000 for the round trip. To this must be added the daily charter fee of the ship, paid in dollars.

No doubt the parties to the charter did their homework assiduously and are satisfied travellers will not be persuaded by economic and political problems to cancel their passage at the last moment.

The Southern Hemisphere has not presented a happy hunting ground for

cruise liners. It is significant that the P&O Line, which operated into the Pacific drawing on a larger passenger potential from Australia, also had to withdraw its ships because of cost and inadequate support.

The 42 000-ton luxury liner Orlana is likely to go for scrap in May. Her sister, Canberra, will probably follow soon after.

Both liners were based for a period in Australian ports but, because of competition from lower-priced Russian rivals, and other factors, they were withdrawn.

An imponderable is whether South Africans would be persuaded to ride in a Russian liner if it ventured down here. The Soviet ships, invariably well-run, are cruising out of London, the east coast of the US and out of Australia to the Pacific.

Their fares are substantially lower than those of Western lines because, being State-owned, the ships are covered by government insurance, have to meet no depreciation, overtime or union costs, and are regarded solely as foreign currency earners.

So far, it has been solely political considerations which have kept them out of SA.

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SOUTH AFRICA

NORWEGIAN SHIPOWNERS SEEK TO RETAIN RSA TRADE

Johannesburg BUSINESS DAY in English 11 Nov 85 p 5

[Article by George Young]

[Text]

NORWEGIAN shipowners are having a row with their government over maritime links with SA.

SA's regular sea connections with Canada are handled totally by Norwegian lines.

There is an agreement between Safmarine and Thor Dahl that the Norwegian service will not load in United States ports if Safmarine stays out of Canada.

Norwegian shipowners earn an estimated \$35m a year from their SA links and curtailment of this arrangement could result in the paying-off of up to 700 workers ashore and at sea.

Apart from the liner service with Canada, Norwegian vessels also participate in the bulk trades.

If the Norwegian government interferes with commercial shipping connections with SA, owners could switch to flags of convenience just as 56 other Norwegian ships have done in the past few months.

Owners have found that the operation of cargo ships on competitive trades, while flying national colours, was no longer profitable.

Insistence by trade unions that Norwegian crews should be carried, appropriate wages paid and government taxes covered, meant that Norwegians were fast being driven off the sea.

The switch to foreign flags meant owners could employ crews cheaper, under Norwegian officers, and there could be no government interference.

Norwegian shipowners resent government suggestions that they report all connections with SA.

They emphasise that important contracts for bulk cargoes would be endangered if shippers were subject to scrutiny.

In its insistence that no tankers should be involved in trade with SA, the Norwegian government is playing into the hands of other foreign carriers who have no such qualms.

There is a belief that Norwegian government plans will be quashed after representations by the nation's largest shipowners, whose revenues are of major importance to the Treasury.

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SOUTH AFRICA

RSA SHIPPING MARKET FIRMER

Johannesburg BUSINESS DAY in English 11 Nov 85 p 5

[Text]

THE South African freight-shipping market, reports Afromar, was one of the few to show a firmer trend last week.

It was mostly easier elsewhere as increased demand failed to materialise in the Atlantic and Pacific.

For a panamax vessel \$13,25 was paid for a cargo from the US Gulf to Japan. It was subsequently learnt that one of the major grain houses had arranged four cargoes over 1986 at \$13, which is not very reassuring for owners. At the same time, \$8,10 was paid for a cargo out of the US East Coast to the Continent.

The Biffex spot index rose slightly to 914,5. However, it was felt that some easing would be seen and that January would see the level slip back to below 900 points.

There were rumours that \$9,15 had been accepted by a vessel loading grain from the US north Pacific to Japan, indicating that owners are making little progress in that area.

The SA market continued steady, with a good level of inquiry. It is understood a 28 000-ton cargo of maize was arranged to Japan but no details.

A cargo of 10 000-12 000 tons of wheat was being quoted from Rouen

to Maputo for shipment in November-/December.

There has been further inquiry for coal cargoes, for loading during November, and rates have maintained their levels. Interest was seen for handy sizes to both the Far East and to the Continent, although little reported fixing was disclosed.

French charterers came into the market to lift a cargo of 120 000 tons from Richards Bay to Rotterdam and Le Havre, and there was inquiry for a 60 000-80 000-ton cargo to the Spanish Mediterranean or Continent.

At least one Japanese charterer was looking at taking a vessel on time-charter to cover a cargo out of Richards Bay.

One of the major oil companies was looking for a self-discharger for 35 000 tons from Richards Bay to Malta for end-November/early-December loading.

There were several orders for manganese ore out of Port Elizabeth, including 15 000 tons to be moved to Setubal and 7 500 tons to Pohang in South Korea.

European interests were looking for cover for 15 000-20 000 tons of chrome ore from Richards Bay to Japan for shipment during December.

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SOUTH AFRICA

WEAK RAND SAPS ELECTRONICS INDUSTRY

Johannesburg BUSINESS DAY in English 14 Nov 85 p 5

[Article by Matthew White]

[Text]

WITH 75% of SA's electronics industry derived from exports, the industry is feeling the strain of the weak rand. However, economic justification for import replacement would seem never to have been better, according to Gerard Morse, deputy GM of the Industrial Development Corporation.

He was commenting after releasing further details of a confidential market survey of the industry in 1984 undertaken on behalf of eight major electronics companies and the government-appointed Standing Committee for Electronics.

First details of the R225 000 survey were revealed in August, when it was announced that it would remain confidential until it had been considered by the sponsoring companies — Altech, Federale Volksbeleggings, Grinel, Philips, Plessey, Reunert, Siemens and Telephone Manufacturers.

Morse said that after the most recent release of information, however, further details were unlikely to be made public.

Business & Marketing Intelligence, of Pretoria, which conducted the local part of the survey, obtained information from the sponsors and from 16 public sector users and 125 non-subscribing suppliers.

The total SA market for electronic components equipment and systems in 1984 was estimated to be R4,4bn, or about 1% of the world market, according to the survey.

Of this the largest single sector, electronic data processing (EDP), is estimated at R1bn (23%). This figure, said Morse, is probably too low, and a

further survey to look more deeply into the EDP market is now under way.

The two other major segments are telecommunications equipment (19%) and audio and video equipment (16%).

Public sector spending on electronics during 1984 was about R1,3bn, or about 30% of the total.

Expected rate of growth is 14% a year over the next five years. If this is achieved and if, as forecast, there is a growth of 10% for the next five years, the industry's contribution to total RSA manufacturing sales will grow to 14% in 1994 from 6,4% in 1984.

Analysis of the data has indicated several areas where there is potential for increased local content.

Foremost among these is in components, where there is a large public sector demand (70%), high expected growth (16% pa) and low existing local content (20%).

Opportunities for increased local content were also found for EDP, test and measurement, transport instrumentation, robotics and equipment for medical and specialised military applications.

Factors inhibiting the development of new local ventures, said Morse, are the high levels of technology required, shortage of skills and shortage of venture capital.

Market segmentation shows significant differences with those in the US, Japan and Europe. For instance, EDP comprises 27,3% in SA, which is significantly higher than in the industrialised countries. Morse said this was partly accounted for by the highly-advanced systems installed by financial institutions.

At the other end of the scale, control and instrumentation equipment — a key element in increasing productivity — accounted for only 7,7%, far less than in US and Europe though, surprisingly, marginally higher than in Japan.

A striking feature of the segmentation statistics, said Morse, "is the bias shown by SA industry towards finished equipment and system, with components taking a back seat in comparative terms.

"This is indicative of two major differences which distinguish SA's electronics industry from those of the more developed nations — the comparatively low level of local manu-

facture and the lower level of development of SA's electronic infrastructure, evidenced by comparatively more being spent on expansion of the telecommunications network and industrial products."

In terms of FOB value, nearly 80% of SA's electronics imports in 1984 were sourced from only four countries: Japan (27,5%), US (26,3%), UK (14,5%) and West Germany (11,3%).

Nearly half (47%) of the Japanese imports were in the audio and video equipment category, while 75% of US imports and 72% of UK imports consisted of EDP equipment.

The SA electronics industry itself is concentrated with five companies accounting for R1,5bn, or nearly 35% of total industry turnover.

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SOUTH AFRICA

STATE SPENDING INCREASE REPORTED

Johannesburg BUSINESS DAY in English 13 Nov 85 p 1

[Article by John Tilston and Gerald Reilly]

[Text] STATE SPENDING appears set to overshoot revised Budget estimates by at least R1bn this financial year, bringing the increase from last year's level to 19%.

Deputy Director-General of Finance Gerhard Croeser says government has taken a conscious decision to increase spending.

He says although state spending has been more or less on target for the first six months of the year, departments will be allowed more leeway in their spending. But government will still aim for a deficit before borrowing of 3% of gross domestic product (GDP).

The justification is that economic circumstances have changed since the March Budget and there is a need to stimulate the economy.

The tax-cut option has been rejected because the multiplier effect (the degree to which initial spending has a ripple effect throughout the economy) of government spending is greater at this stage of the business cycle.

The original spending estimate was R31,459bn — 15% in excess of 1984/85 expenditure.

Volkscas Bank economist Adam Jacobs believes the actual figure is now likely to be closer to 19%. This would mean an increase of more than R1bn to about R32,4bn.

On the revenue side, Finance Minister Bar-end du Plessis has budgeted for an increase in income of 18,8% to R28,3bn.

The figure is now likely to be greater because a number of revenue sources are well ahead of estimates.

Higher gold earnings caused by the weak rand and the consequent greater tax collections from the mining industry, coupled with the intensified tax collection effort, will continue to boost state coffers. One estimate puts revenue for 85/85 at R1,1bn above Budget.

But the change in policy direction will not be welcomed by all. Standard Bank economists have been suggesting for some time that the most appropriate way of stimulating the economy is a cut in GST.

A bank spokesman has dismissed the argument that the multiplier effect of state spending is necessarily greater.

"We believe that a 2% cut in GST would lead to an almost equal increase in spending. Government spending increases will have maximum multiplier effect only if the money is used directly in job creation.

"If the money is used to buy goods and services, the multiplier effect may be diluted as supplier firms use excess capacity and improve profitability."

The major concern Standard and others have over an increase in government spending is the harm it will do to credibility.

The government had been making some progress in this area with its spending in the first half of the year, but any sizeable overshoot will further dent its already tarnished credibility.

The increase in spending will hurt prospects of significant tax cuts in the next Budget, although earlier optimism is beginning to fade.

Volkscas' Jacobs says that with a

threatened deficit before borrowing of about R5bn in the 1986/87 Budget, government cannot afford tax concessions. At this stage the deficit before borrowing at the end of the financial year could be closer to R3,5bn than to the Budget estimate of R2,970bn.

But if, as Du Plessis has indicated, there are to be tax cuts in the new financial year, this could rise above R5bn. So large an amount would place tremendous pressure on the capital market, forcing up interest rates.

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SOUTH AFRICA

RETAILERS PREDICT RAMPANT INFLATION

Johannesburg BUSINESS DAY in English 13 Nov 85 p 5

[Article by Stephen Cranston]

[Text]

**LEADING** retailers are pessimistic about inflation. Clive Weil of Checkers says he cannot see price rises of less than 20% over the next year.

"The rise in fuel costs, the Escom hikes and the increased cost of imported raw materials are all going to take their toll," Weil says.

"There should be a clear signal from government that curbing inflation is a high priority. On the other hand, there has to be a certain amount of stimulation of the economy. Unemployment is causing much of the unhappiness in this country."

Stanley Fleischmann of Dion stores says prospects are even dimmer in the durable sector.

For some products, such as VCRs, there have been monthly rises of 10-15% and sometimes two increases in one month. In the past three months, the price of VCRs has risen from R499 to R900, he says.

However, Fleischmann says, curing the country's social problems will be expensive and a certain

amount of inflation may be necessary to curb unemployment.

Rough calculations, using the components of the consumer price index, indicate that the CPI is likely to be at least 18% higher this time next year. Any further unfavourable movements in exchange rates could make the situation worse. For example, while the rand has remained relatively stable against the dollar in the past two weeks, it has weakened significantly against the Japanese yen.

A considerable number of items will increase by much more than 18%, but the CPI rise will be kept in check by relatively small price increases expected for meat (7%), fruit and vegetables (10%), tobacco (10%) and housing (10%).

There are likely to be increases of more than 30% in the cost of motor vehicles, fuel, appliances and possibly in imported wines and spirits.

Domestic wine and spirit prices are unlikely to show an increase of much more than 10%.

Some imported furniture could go up by 50%.

Medical schemes are likely to go up by 24% soon and the price of coffee is set to rise by between 18% and 30%.

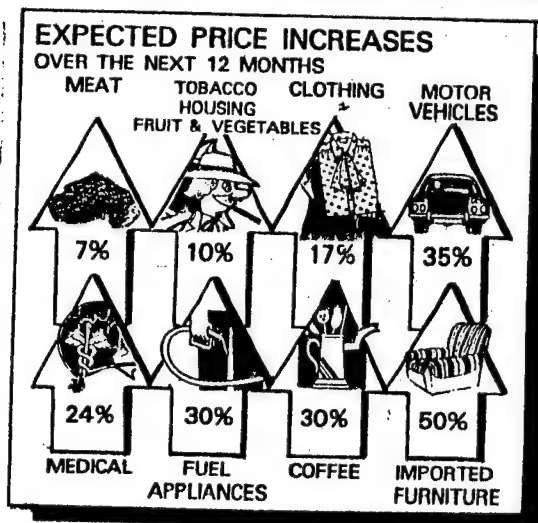
The increasing cost of textiles is bound to work its way through to clothing, and prices should increase by about 17%.

Sapa reports that at least 3 000 basic food lines are expected to increase in price before Christmas, after the announcement of an increase in the price of petrol.

Martin Rosen, general manager of Pick 'n Pay hypermarket in Durban North, says suppliers will not absorb the increase.

"The latest rise in the price of petrol is bound to push up hundreds of food lines," he says.

"Already suppliers are talking about increasing prices and by Christmas I expect at least 98% of food items on the shelves to increase between 5% and 10%."



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SOUTH AFRICA

RISE IN UNEMPLOYMENT AMONG ALL RACE GROUPS REPORTED

Johannesburg BUSINESS DAY in English 14 Nov 85 p 1

[Article by Lesley Lambert]

[Text] UNEMPLOYMENT among whites, coloureds and Asians leapt by 131% to 69 534 in August from 30 112 in August last year, government estimates show.

The figures, which do not include blacks, are far from the real rate of unemployment, conservatively estimated at 1,5-million.

Government estimates, accounting only for people eligible for Unemployment Insurance Fund (UIF) benefits, indicate an alarming trend.

Thousands of workers have been laid off as economic conditions have worsened and political instability has intensified.

The motor and building industries have been particularly hard hit.

There are now at least 40 000 new applications a month for unemployment benefits received by the UIF. According to the economics head at the University of the Western Cape, Professor Wolfgang Thomas, about 100 000 people are probably losing their jobs monthly.

The 1,5-million jobless — accepted as a reasonable, but conservative, figure by economists — represents 12,5% of the estimated 12-million workforce.

A large proportion of the jobs have been lost in politically-sensitive areas.

The estimate takes into account the Department of Manpower's figure for white, coloured and Asian workers and

the official current population survey figure for black workers. These together amount to almost 750 000. It then adds to this the number of people estimated to be unemployed in the homelands and independent states.

It does not take account of the thousands of people who are not eligible for UIF benefits.

More radical estimates of unemployment are as high as 4-million.

Aggravating the shortage of jobs is the growth of the workforce — estimated to be swelling by 330 000 every year.

Unemployment, coupled with the crippling rate of inflation, has been a major contributor to the intense dissatisfaction which has led to political unrest.

Says Francis Wilson of Cape Town University's economic department:

"The rapid increase in unemployment over the past 12 months is one of South Africa's biggest problems.

"Apart from the political requirement of power-sharing, which is now the number one priority on government's agenda, the next most urgent issue is growing unemployment."

Government recently allocated R100m in relief funds to provide jobs and training for the unemployed. Another R600m was made available last month for short-term programmes to create jobs.

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SOUTH AFRICA

RESPONSE TO MIT PROFESSOR ROTBERG'S ARTICLE

Johannesburg BUSINESS DAY in English 14 Nov 85 p 8

[Article by Ken Owen: "Playing The Fatuous Rotberg Game . . ."]

[Text]

**P**LEASE! No more lists! No more "ways to save the country". No more "things we must do or else". No more scenarios, prophecies, predictions, warnings, admonitions. We've had enough.

Breaking point, at least for me, was a fatuous article by Professor Robert Rotberg, of the Massachusetts Institute of Technology, a man whose opinions have not been discernibly altered, so far as I can tell, since he became a frequent visitor to SA.

It begins: "South Africa has seven possible destinies."

In the 13th Century, a dreadful time not unlike our own, sages looked for guidance to the 10 divine emanations of the Cabbala which, together with the 22 letters of the Hebrew alphabet, led to the 32 paths of secret wisdom. But in this hurried century, seven will have to do.

It's a number rich with ancient mystery: the Seven Days of Creation, and the seven Japanese Gods of Luck, and the Seven Holy Founders of the Order of Friar Servants of St Mary, and, of course, the Seven Deadly Sins, one of which is to prophesy falsely.

**R**otberg's first prediction — he starts at the back, presumably for mystical purposes — is Number Seven (Revolution), which is the same as Number One (Revolution). He does not think either revolution will happen because white South Africans are

too heavily armed and "South Africa has never known political laagers".

Number Six is very clever. It is called "Change but no change". By this he means that whites will keep changing and blacks will keep saying: "So what?"

Number Five is "Concessions," which differs from Number Six in that it requires more violence within SA and more pressure from the West. This would result in an end to the pass laws and influx control, better housing and education for black people, common citizenship, African franchise at local or regional level and the release of Nelson Mandela.

Like Number Six, it doesn't work.

Number Four becomes promising. It is "Limited Power Sharing," a result of bargaining between white and black which might lead to black control of black cities, and black municipal franchise. But Four, Rotberg rightly concludes, can only be a prelude to Number Three.

Number Three is "Power Sharing," something less than "one man, one vote," and it could come about if unremitting agitation by Africans reaches levels five times as high as in 1985. The mystical significance of the number five is not explained.

Failing a five-fold increase in turbulence, we are left with Number Two, which is called "Substantial Regime Change," something less than "Revolution Seven" or "Revolution One". It requires sustained violence at 10 times (another mystical number?) the level of 1985, leading to negotiations in which the whites operate from a position of weakness — rather like Ian Smith, one imagines, at Lancaster House.

The list is remarkable for what it excludes. Let's play Rotberg's game and speculate as he does.

Violence, measured by fatalities, might reach Rhodesian levels, which would require a 63-fold increase. It might then, considering the force levels available, increase another 20 or 50 times beyond that level.

It might spill into homelands, as the conflict between Inkatha and the UDF has been doing, and pit substantial portions of the black population against one another; and in that case, SA might well be cantonised by force as Lebanon has been. It might even be partitioned by force, like India and Pakistan, or Cyprus or Palestine.

At any point in the process, the Soviet Union or the West — or both, acting in the name of the United Nations — might intervene with unforeseeable consequences.

**L**ess melodramatically, the co-optation of the Rev Allan Hendrickse and Amichand Rajbansi in the tricameral system might be consolidated by a combination of patronage for allies and persecution of opponents, as is happening to a degree now. The much-discussed linking of KwaZulu and Natal in a federal province might open new political possibilities around the country.

Gradual impoverishment by sanctions and turbulence might bring a totalitarian white government to power which would shut the Press,

seal the townships, divert poverty from whites to blacks and pour resources into the maintenance of totalitarian controls.

In that case, arms spending could go from 4% of gross national product to the Soviet Union's 14% or Israel's 29%. In other words, if we want to play games with numbers, military spending could increase by a factor of seven, making revolution 70 times harder to achieve.

Apocalyptic thinking is easy. The reality is both more difficult to assess and more mundane. Throughout the past year's turbulence, 80% of the work force has been working more or less productively. They will carry on, more or less.

The collapse of our currency is curbing our profligacy and trimming our lifestyles, and if the government can be persuaded to curb its lust for taxes we shall gradually repay our debts. We shall be forced to cancel foreign holidays, sacrifice the Guccis and make better use of our people and less use of imported machinery and imported luxuries. In time, ingenuity will fill the gaps.

Meanwhile, between the poles of violence and order, the search for longer-term solutions will continue, because it must.

This country is awash with people of goodwill who, in spite of the unbelievable folly of their government, despite the violence and the tragedy, despite the threats and the legitimate fears that arise from an intractable situation, still find the courage to go about their daily lives doing their decent best.

They don't appear on television, they don't make speeches or denounce compromises or issue ultimatums or break things or kill people, but they do create what historian Barbara Tuchman has identified as the strongest influence on history: inertia.

They give us time to adapt, and gradually, in seven ways times 70, we are adapting to a future of infinite possibilities. Nothing is foreordained.

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SOUTH AFRICA

WEST GERMANY REMAINS NATION'S CLOSEST PARTNER

Johannesburg BUSINESS DAY in English 11 Nov 85 p 8

[Article by Alan Peat]

[Text]

WEST GERMANY, with the exception of its embargo on military goods, is now the only major Western country with no form of official sanctions or disinvestment policy against South Africa.

Britain, under the restrictions of the Commonwealth Accord, has now joined the growing number of countries with some form of government-backed restriction on SA trade.

The official policy of the present German Federal coalition government under Chancellor Helmut Kohl is enforced by legislation. Government has no legal power to persuade or dissuade German companies in their trading or investment activities.

Said a German government spokesman: "The government is strictly against mandatory sanctions and would not discourage investment. The stance is that sanctions would have a tremendous effect on the black population, who are disadvantaged already."

While Kohl has stressed his government's desire for an end to racial discrimination in SA, he has negated achieving this by any form of force. His centre-right coalition won a parliamentary motion in September calling for greater cultural and sporting links "with all SA's racial groups". This effectively papered over a feud between its three member parties on policy towards Pretoria.

Companies have been officially required by their government to stand by the European Economic Community's code of conduct, but the German government has very recently approved the way subsidiaries of

German companies have applied this code.

The German/SA economic link is important to both countries. SA is Germany's third largest overseas trading partner — behind the US and Japan — with annual bilateral trade of goods and services valued at about R5bn.

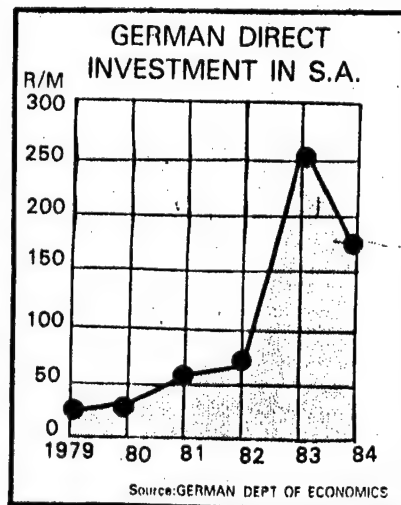
Investment by German company subsidiaries in SA is about R2,5bn, according to German Chamber of Commerce and Industry figures, with about 65 000 workers employed directly. They support more than 500 000 people indirectly.

Another social link of some importance is the estimated 400 000 people of German descent permanently resident in SA and SWA, with an uncounted, but large, number of temporary German contract workers.

The amount of German industrial involvement is also noticeable to the local man in the street. Everyone is familiar with locally-made Mercedes-Benz, BMW and Volkswagen cars; MAN and MB trucks; Telefunken TVs; Siemens electronics; AEG appliances; Hoechst pharmaceuticals; Bosch and Gedore hardware etc.

"But this visible area of consumer durables is only about 30% of the German industrial involvement here," said Achim Stracke, chief executive of the German Chamber.

"The hidden 70% is a heavy involvement in construction operations with a German shareholding. Construction projects such as Richards Bay harbour and industrial area, Sa-



sol, Escorn and the like could not have been done without German-company involvement in capital equipment and skills. There are also the major road-builders like Concor.

"Our industry has firmly decided to stay here, to do more to enhance what they have done so far, and to keep or increase their market shares.

"There is some shrinkage in the direct-investment totals — the 1984 total of R168m was 34% below the 1983 high of R254,75m, but this is due only to the economic state of the country, not anything to do with government pressure."

SA is dependent on certain sectors of German industry. The heavy road-transport industry, for example, would grind to a halt if there were any disinvestment programme.

SOUTH AFRICA

WEAK RAND MAKES MOSSEL BAY VIABLE

Johannesburg BUSINESS DAY in English 15 Nov 85 p 1

[Article by Kevin Davie and Christ Cairncross]

[Text]

THE green light given last night to the Mossel Bay oil project indicates that the weak rand and growing threats of blockades have turned marginal oil projects into attractive propositions.

Energy experts who have monitored attempts to develop independent fuel supplies said yesterday it was SA's increasing isolation that made synfuel projects more viable.

State President P W Botha, speaking to the President's Council yesterday, said development of the Mossel Bay gas fields would go ahead.

The development would cost R3,5bn and be financed largely from available resources within the Central Energy Fund (CEF).

The CEF, funded by levies on the petrol price, is intended to develop independence from imported energy sources.

Project planning is expected to begin next year.

The field is likely to be in production by 1990, with petrol and diesel sales beginning the following year.

Botha said the private sector would be involved in the development and that government would be making announcements on other synfuel developments — also involving the private sector — in the near future.

He was presumed to be referring to the long-awaited AECI/Amcoal coal gasification project, estimated to have a capital-cost tag of about R2,5bn, and the smaller Gencor torbanite (oil shale) gasification plan.

On the Mossel Bay venture, Botha said: "The decision (to go ahead) was taken after comprehensive studies proved that the gas reserves are of an economic ex-

ploitable quality and quantity."

Brian Goodall, PFP energy spokesman, said yesterday: "This is the best bit of economic news we've had for a long time."

He said it represented an attempt to get some return on the R500m spent so far on oil exploration. It would boost the economy, particularly the engineering industry.

"I hope the public will be invited to invest as soon as possible and that there is private sector involvement right from the beginning," he said.

Goodall said while there were strategic reasons for going ahead with the project, Sasol had shown that a strategic industry could be a tremendous financial success.

Alan Hill, energy consultant for Max Pollack & Freemantle, said the fact that the petrol price had gone up five times in seven years had added impetus to synfuel developments.

He said the Mossel Bay project — which is expected to produce 20 000 barrels a day for at least 20 years — was at least as viable as Sasol III. The AECI project could turn out to be a bigger project than Mossel Bay.

Hill said the projects were a natural reaction to SA's present predicament, to improve the balance of payments by exporting more and importing less.

Botha told the President's Council it was estimated that about 10 000 jobs would be created during the peak of the construction phase.

This number could probably be doubled if satellite industries were taken into account, he said.

According to Soekor reports, drilling in the gas field 85km off Mossel Bay has revealed gas reserves of about a trillion

m<sup>3</sup>, giving the project a 20- to 25-year life. The project will involve erection of a 130m-high production platform and construction of a pipeline to carry the gas ashore. These will be treated as separate operations.

Mineral and Energy Affairs chief Louw Alberts told *Business Day* recently that the go-ahead for the project did not mean any respite was in sight for the motorist.

Mossel Bay fuel prices would be based on the dollar-related landed price of imported fuels.

Alberts reckoned SA companies would be able to supply about two-thirds of the expertise. He would like to see about 50% private sector participation.

CEF GM Daniel Vorster said the most suitable vehicle for such participation would probably be a private company.

It is expected that, when the project is in production and achieving an acceptable level of profitability, some level of financial participation will be offered to the public, probably by a JSE listing.

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SOUTH AFRICA

SWEDISH REINSURANCE FIRM WITHDRAWS

Johannesburg BUSINESS DAY in English 15 Nov 85 p 3

[Article by Harold Fridjhon and Lesley Lambert]

SWEDISH reinsurance group Skandia has withdrawn from the South African insurance market for political, not business, reasons.

Reinsurance Consultants and Intermediaries MD Rob Ellis said yesterday that the order to withdraw from renewal and new business came from Stockholm via Skandia UK, a subsidiary which handled SA commitments.

Santam Insurance MD Oosie Oosthuizen said yesterday he did not believe that the withdrawal of Skandia would have an important impact on the local market because its premium income could not have been much more than "a few million rands".

This was confirmed by SA Eagle general manager Brian Williamson, who said that a handful of SA insurers had done business with them.

It is possible that other Scandinavian insurers which have treaty agreements with SA companies will also end their business relationships with this country.

Williamson added that although

small in the market, the loss of Skandia's facilities meant that less was available in the market and that the shortfall would have to be made up elsewhere. Skandia was mostly involved in excess of loss reinsurance and proportional reinsurance.

Neither Oosthuizen nor Williamson believed that other reinsurers would follow the Skandia lead.

A large proportion of the reinsurance business is placed directly or through local companies with the giant reinsurers in Germany and Switzerland, which are more concerned with the bad risk record of the SA market and the low level of premiums, than they are with political issues.

Treaties and reinsurance agreements will be reviewed at the beginning of 1986 and it can be expected that reinsurers will pressurise local companies to make upward adjustments to their premium rates.

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SOUTH AFRICA

COMMERCE OFFICIAL DISCUSSES KEY QUESTIONS

Johannesburg BUSINESS DAY in English 15 Nov 85 p 4

[Article by Andre Van Zyl]

[Text] NEWLY elected Johannesburg Chamber of Commerce president Pat Corbin believes that the survival of business in the face of economic sanctions is in the vital interests of all the people in SA.

His business background is eminently suited to the present situation — he has considerable experience in international trade and finance and an in-depth knowledge of sanctions gained helping the Rhodesian government and business maintain normal trade.

Corbin, who is MD of Randoux Finance, has served on the chamber's council since 1968 and has played an active role on various committees.

He says he fervently believes in the concept of organised commerce and industry, and the effectiveness of their vital role in co-operating with all levels of government and promoting the concept of the free enterprise system.

The questions uppermost in his mind are: where is SA going, where is the rand going and where is business going?

He says: "Meetings have already been held with members of government departments and we are pooling our information and expertise to ensure the minimum disruption to our international trade."

"The sanctions and boycott net is widening daily and our efforts cannot only alleviate the difficulties created, but must also solve the underlying problems."

As regards the foreign debt standstill, he says: "The bulk of our members are directly or indirectly affected by the spin-off of this move."

"The resulting withdrawal of suppliers' lines of trade credit, the low exchange rate, and the 10% import surcharge, all having an impact on cash flow, will take a severe toll on importers."

"Through Assocom, we are meeting the standstill committee."

He adds that the establishment of a regional level of government will have a major impact on the JCC and other chambers.

"Since commerce and industry are substantially financing this new development, we will have an interest in the level of levies to be imposed and the manner in which the funds are spent."

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SOUTH AFRICA

KRUGERRAND MOVE 'SHOWS SANCTIONS HURT'

Johannesburg BUSINESS DAY in English 15 Nov 85 p 4

[Text]

SOUTH AFRICA's decision to suspend minting of gold Krugerrand coins is the first tangible sign that international anti-apartheid sanctions are beginning to bite, economists said yesterday.

The organisation dealing with the coin exports, International Gold Corporation (Intergold), said on Wednesday night production had been suspended several weeks ago, but refused to say exactly when.

The coin, launched in 1970, has helped SA export about 43-million ounces of gold on top of its bullion exports, which bring in about half the country's foreign earnings.

Intergold CE Don Mackay-Coghill said yesterday demand for the Krugerrand had been affected by recent import bans imposed by the United States and Japan, major target markets.

He said he did not know how long minting would be halted but added that it was not the first time production had been suspended as it depended on demand.

President Reagan banned imports of the coin from October 11 after pressure at home grew for tougher punitive measures against apartheid.

Reserve Bank Governor Dr Gerhard de Kock said yesterday he did not view the suspension too seriously as metal not sold in the form of coins could still be exported in gold bars.

But Mackay-Coghill acknowledged that Krugerrand sales, which had slumped drastically lately, helped the gold price as coin sales did not affect bullion market rates.

Intergold stopped publishing statistics on sales last May. Sales in the first five months of this year totalled 685 226 ounces, down 34% on the same period of 1984.

Economists have said that during the Krugerrand's heyday overseas, the coin contributed up to 12% of total gold sales by SA.

Mackay-Coghill said Europe was still a viable market for Krugerrands. — Sapa-Reuter

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SOUTH AFRICA

FABER-CASTELL MAY SET UP PLANT IN RSA

Johannesburg BUSINESS DAY in English 12 Nov 85 p 3

[Article by Christ Cairncross]

[Text] THE German Faber-Castell group, a leading manufacturer worldwide of writing and drawing materials, may decide soon to set up a manufacturing plant in SA.

This was confirmed by Faber-Castell's president Count Anton Faber-Castell, in an interview with *Business Day* while in SA to review his group's operations.

He said there were several opportunities to broaden and improve the company's distribution base within the country.

The company has only a sales organization in SA and this level of representation was not entirely satisfactory.

The weak rand was beginning to create serious problems for the company, said Faber-Castell.

"It is probable we will now have to consider manufacturing in SA."

Despite the problems facing the coun-

try, Faber-Castell sees SA as probably the most important market in southern Africa in which to maintain a strong presence.

It has a well-developed education system and good infrastructure, which combine to provide the sort of elements needed to offer a vigorous market for Faber-Castell's products.

He said the country had to overcome daunting problems but was optimistic it would eventually find solutions.

He believed a strong economy was going to be a decisive factor.

With roots set firmly at Stein, near Nuremberg, West Germany, Faber-Castell has something of a unique history: for more than 225 years the founding family has been in possession of this company.

As long ago as 1761 the German carpenter Kaspar Faber was producing his first simple pencils.

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SOUTH AFRICA

STANBIC ECONOMIST ADVOCATE OPEN ECONOMY

Johannesburg BUSINESS DAY in English 12 Nov 85 p 3

[Text] IN SPITE of its low status in the world, SA has a vested interest in maintaining free international trade, Stanbic economists say in their November *Review*.

"As a small, relatively open economy the country's prosperity is based to a great extent on its ability to freely sell materials and products abroad: in turn, SA depends on the outside world for many essential inputs," it says.

Foreign trade amounts to about 55% of GDP compared to 17% for the US.

The *Review* argues that, barring strong coercive measures, producers will seek other markets for their products as exports from Europe and Japan to the US decline.

The outlook for exports is not as good. The decline in the dollar may well enhance the demand for commodities, but commodity prices have yet to react as might have been expected.

The report says this appears to be an extension of a longer standing under-performance, particularly when commodity

prices are viewed against a backdrop of the strong US recovery since early 1983. In addition, SA cannot realistically expect a major push from the gold price.

Given modest growth in industrialised economies and the changing structure of world production demand for such raw materials as iron ore, copper and ferro-alloys is

unlikely to be very strong. Further, if oil prices continue weak, this could start affecting coal — SA's second largest export.

"Overshadowing all these considerations however, is the possibility that SA may find it somewhat harder to sell products in world markets on other than commercial grounds," the review says.

Stanbic is still predicting GDP growth next year in the region of 3%. But it expresses some concern over current government policy.

"Regrettably, stimulatory short-term economic policy measures are now being applied as palliatives, in the absence of more extensive structural improvements in the economy and in society," it says.

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SOUTH AFRICA

TELEVISION, VCR PRICES RISE

Johannesburg BUSINESS DAY in English 12 Nov 85 p 1

[Article by Cheryllyn Ireton]

[Text] THE price of television sets will have risen 115% in two years when new stock hits the shelves in January.

Manufacturers are warning consumers to expect to pay at least R2 000 for a 51cm colour set next year.

Sets with larger screens and models boasting special features, like remote control, will cost much more.

The new year will also bring increases in the cost of video cassette recorders (VCRs) unless the surcharge on imported goods falls away or there is a dramatic increase in the value of the rand, says National Panasonic GM Terry Millar.

This increase will be about 12% if the rand holds at the present rate.

VCR prices have risen about 150% in the past two years.

"The increases have been the result of the multiplying effect of excise duties, surcharges and the poor rand value," says Millar, adding that a VCR which sold for R799 two years ago now retails at R1 999.

Industry figures show the prices of basic 51cm television sets have risen 87% since January 1984 and officials say these will rise by another 28% by next year.

Similarly, 67cm sets, trading at prices 85% above the retail figures registered two years ago, will rise by at least another 15% by the time Christmas stock is off the shelves.

Millar says the latest increases will bring some compensation for manufacturers who have been battered by falling volumes and reduced turnover.

He does not believe higher prices will scare away buyers but says there will be a move to small screens.

He also predicts a boost in television rentals as sets become more expensive.

"People who buy on hire purchase have to pay off their sets over 24 months. Rental companies write off TV sets over a much longer period, allowing them to offer lower rates."

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CSO: 3400/481

SOUTH AFRICA

BUSINESS DAY CIRCULATION GROWS

Johannesburg BUSINESS DAY in English 11 Nov 85 p 1

[Text] **BUSINESS DAY** is on the move. Circulation shows a steady upward trend and a major reader survey by Markinor Market Research indicates growing acceptance of the newspaper as the leading daily business voice.

As the graph shows, unaudited national daily sales have climbed from a low of about 23 000 in May to just under 28 000 now.

This means that the newspaper is performing extremely well within its market compared to established international financial publications. For example, *Business Day's* penetration of its target market — the local business community — is double that of the *Financial Times* in the UK, which has a circulation of 190 000, about 0,34% of the UK population.

The market research undertaken for *Business Day* reveals a number of interesting facts. Among these are:

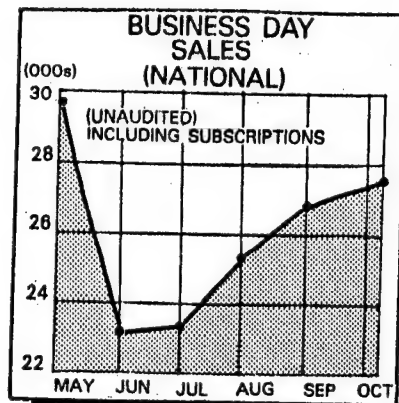
□ *Business Day* readers are top people. All of those surveyed were found to hold executive positions. No fewer than 61% were chairmen, MDs, GMs, directors or owner/partners of their businesses;

A further 22% were financial directors, company secretaries or accountants, and 15% held senior jobs in marketing and sales;

□ Of the sample of Johannesburg readers, 80% read *Business Day* every day and for more than 70% *Business Day* was their only morning newspaper;

□ The number of subscribers is high at about 40% of total sales. Also, many companies are taking advantage of the special low group rates, with company purchases running at about 50%;

□ Most *Business Day* readers have considerable spending authority within their companies. For example, 81% were involved in the employment of staff, 74% in travel within SA, and 65% in the banking requirements of their businesses.



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CSO: 3400/481

SOUTH AFRICA

BRIEFS

CAR PRICES RISE--The motor industry today warned that average new car prices will go up by between 30 and 35 percent in the next 12 months unless the exchange rate of the rand makes a dramatic revival soon. Only a surge in the rand's value to above 50 US cents -- from a current 38 cents -- offers a chance to soften the shock to motorists. And a massive round of mergers and takeovers among the main motor firms is now regarded as inevitable. The closure of the Alfa Romeo and International Harvester operations are reckoned to be only the first signals of a renewed battle to stay afloat. The new estimates come from the National Association of Automobile Manufacturers (Naamsa) -- the official voice of the R10 billion a year industry. Mr Nico Vermeulen, executive director of Naamsa, reports that the industry as a whole is now ticking over at less than half capacity. More than 12000 jobs have been axed by assembly plants and thousands more are on short time. And the industry has again made cuts in its estimates of future rates of production. Naamsa now calculates that total passenger car sales for 1985 will be no higher than 198000 -- down from 268 751 last year and a disastrous 34 percent below the peak in 1982. [Text] [Johannesburg THE STAR in English 4 Nov 85 p 3]/12828

SATS JOBS LOSS--More than 4800 jobs have ceased to exist in the South African Transport Services since March this year bringing the number of jobs axed by the Sats to about 50000 in the past three years. According to the latest figures released by Sats the organisation is losing more than R1 million a day and losses so far this financial year amount to a staggering R450 million -- far more than the original budgeted loss of R192 million. Last year Sats ended its financial term with a surplus of R25,9 million. Sats general manager Dr Bart Grove has expressed hopes that the current situation may be saved and losses cut by March next year. The 50000 lost jobs represent an 18 percent cut. At present Sats employs 228438 workers of all races. This figure includes 104384 whites, 17659 coloureds, 1894 Indians and 104501 blacks. [Text] [Johannesburg THE STAR in English 4 Nov 85 p 3] /12828

GEMS CACHE--Divers working for the State Alluvial Diggings off the Richtersveld earlier this year discovered one of the richest diamond caches yet found in South Africa -- a hidden gulley with R1000000 worth of gems. The discovery, which was never officially disclosed by the State, set tongues wagging among miners along the West Coast where large numbers of diamonds, washed down by the Orange River, have been deposited on the sea bed. The divers found a closed gulley, part of a system of underwater channels and potholes which often hold diamonds, in the sea between Oranjemund and Port Nolloth and pulled out 3000 carats in four working days. University of Cape Town geologist Dr Mike Bremner, who reported on the treasure find recently, says it was an "exceptional one" in the history of sea mining. The diamonds were part of an accumulation of rich alluvial deposits. Estimates undertaken on the Kimberley mine indicated that 200 tons of diamonds were carried off this way before men discovered the Kimberley pipe. [Text] [Johannesburg THE STAR in English 25 Oct 85 p 7] /12828

99-YEAR LEASEHOLD SCHEME--Only 38000 houses have been sold under the 99 year leasehold scheme throughout the country since the mass sale was introduced by the Government three years ago. Addressing a Press conference held in Daveyton, Benoni yesterday, Mr Tom Boya, the vice president of the Urban Councils Association of South Africa (Ucasa) who is the mayor of Daveyton said, "266000 out of 520000 houses throughout the country had been surveyed for selling under the 99-year leasehold scheme. The conference was called by Ucasa following a meeting they held with the Minister of Constitutional Development and Planning, Mr Chris Heunis, three weeks ago in Pretoria to discuss the housing sale scheme. Mr Boya said the delay in selling the houses was caused by the surveying being not completed by the government. Out of 299 black townships, only 48 did not qualify under the 99-year leasehold scheme and Ucasa and the Government were working round the clock to have these townships qualifying under this scheme. On the question of the selling price of the houses, Mr Boya said it was up to councillors to determine the selling price of the houses in their townships according to a formula drawn by the National Housing Commission. [Text] [Johannesburg SOWETAN in English 31 Oct 85 p 1] /12828

NEW TRADE CENTRE--TEREXKO, holding company for Jurgens Caravans, will hold a world trade centre at Jurgens Park, new Jan Smuts Airport. This follows South Africa's admission to the World Trade centre Association this week. Terexko chairman Neels Swart says work on the first phase of the centre will start in the second quarter of next year and be completed by mid-1987. Stage one of the first phase of the project will include permanent exhibition areas for manufactureres, a commodities exchange and offices for brokers, clearing agents and others. Stage two will involve a 450-room five-star hote. Cost of stage one is estimated at \$30-million and of the completed first phase R250-million. The second phase will involve expansion of the hotel and more office blocks. Terexko willput up some of the money and arrange financial backing from institutions for the balance. Mr Swart says the World Trade Centre Association is apolitical and South Africa cannot be excluded for political reasons.

He quotes the association's vice-president, Paul Fabry, as saying: "With a world trade centre, South Africa could have sanctions from half the world and still trade effectively through their counterparts in the worldwide network of friends dedicated to trade and who would welcome the opportunity to find trade outlets in Southern Africa as well." [Text] [Johannesburg SUNDAY TIMES (Business) in English 27 Oct 85 p 1] /12828

HOUSING FOR BLACKS--Group five Building (East Cape) has launched a R12-million up-market housing development for blacks in Port Elizabeth. It says initial response has been good and 30 units have been sold. Group Five Building bought the building rights for 330 units at Kwamagxaki outside Port Elizabeth on the Uitenhage road in 1984. They are being developed for sale on 99-year leasehold. Clients are offered a range of designs costing from R30000. Group Five Building director Tony Longman says a minimum sales target of 66 units a year has been set so as to complete the development in five years. This is the first such upmarket housing scheme undertaken by Group Five Building, but if it succeeds there are plans for similar developments elsewhere. [Text] [Johannesburg SUNDAY TIMES (Business) in English 3 Nov 85 p 4] /12828

SOFTWARE SUCCESS--South African-produced software for bulk data entry has scored an international success. Not only has the package moved a significant amount of ICL computer hardware in SA, it has found its way to Mauritius, Jamaica and New Zealand. ICL South Africa's Data Entry 30 (DE 20) software has been widely demonstrated in Hong Kong. The company's UK sales staff is introducing the product to its customers. According to the programme's designer, ICL's Janette Vassiliadis, the DE 20 software came about as a result of the phasing out of the key-edit equipment, which was installed in 172 sites in SA. The disc-based data entry system had been used for bulk offline data entry at a variety of sites using non-ICL mainframes, such as Burroughs, IBM, and Univac. [Text] [Johannesburg SUNDAY TIMES (Business) in English 3 Nov 85 p 3] /12828

ENGINE PLANT OPENED--Probuilt Diesel, a R7m diesel engine remanufacturing plan--the first of its kind in SA--was officially opened at Atlantis yesterday by Industries Minister Dawie de Villiers. A subsidiary of the quoted NEI Africa group, Probuilt is intended to meet the country's growing demand for quality remanufactured or reconditioned diesel engines. Designed to turn out 6000 remanufactured engines a year--a target which the company hopes to reach within five years--the plant is eventually expected to lead to foreign exchange savings of at least R7m a year. De Villiers estimated the size of the reconditioning market at between 50000 and 70000 diesel engines a year, worth R250m. [Text] [Johannesburg BUSINESS DAY in English 1 Nov 85 p 4] /12828

GAS FIELDS DEVELOPMENT--Government is likely to release details of the development of the two large Mossel Bay gas fields before the end of the year. A spokesman for the Department of Mineral and Energy Affairs said he could not give details of the statement except to confirm that it was due to be made sometime during the next two months. He said he could not comment on speculation concerning the funding of the project or that it would cost more than R4,5bn. It is believed that the fields hold more than 30bn m<sup>3</sup> of gas.

The National Party mouthpiece newspaper, Beeld, yesterday reported that the project would cost R3000 in present prices but this would escalate to R4500 before work was completed. [Text] [Johannesburg BUSINESS DAY in English 1 Nov 85 p 2] /12828

WHEAT IMPORTS SET--South Africa may have to spend up to R120m on imported wheat next year. Rains in the Free State have come too late to save a large part of the province's crop, says Wheat Board chairman Dennis van Aarde. He says drought has accounted for 250000 to 300000 tons of the August assessment of a 750000-ton Free State harvest. The total crop is expected to be about 1,7-million tons--300000 tons less than local requirements. The FOB price of wheat at US ports is \$134 a ton. However, because of the weak rand, the landed price would be about R400 a ton. Van Aarde says some inferior Argentine wheat, \$35 to \$40 cheaper than the US variety, may be imported to minimise costs. [Text] [Johannesburg BUSINESS DAY in English 1 Nov 85 p 3] /12828

ESA FREIGHT LINE FAILS--Europe & South Africa Lines (ESA), an independent freight shipping line, has filed for bankruptcy in Hamburg, West Germany. This was confirmed yesterday by a spokesman for the line's South African agent, Global Maritime Agencies. He denied reports that one of the line's vessels had been attached in Rotterdam. "The ESA 1 discharged its cargo in Rotterdam on Wednesday," he said. "Suggestions that the vessel or its cargo were attached are untrue." The lin's two other vessels are on their way to Europe with South African cargoes. The Planel 1 sailed from Cape Town this week and the Elvira Oria is expected to sail on Monday from Las Palmas, in the Canary Isles, where it has been undergoing repairs for two weeks after damaging a crankshaft in heavy seas. ESA, owned by a European shipping consortium, began servicing the Europe-SA cargo trade about two years ago. All three of its vessels are chartered. The Global Maritime spokesman claimed there was no danger of any cargoes being attached by ESA's creditors. He added that other plans were being made for export cargoes booked on ESA voyages. [Text] [Johannesburg BUSINESS DAY in English 1 Nov 85 p 1] /12828

ECONOMY THREATENED--Before any government reform programme impressed overseas opinion, it would have to attract at least some reasonable support from the communities within South Africa, according to Director-General of Foreign Affairs CFG von Hirschberg. In his keynote address to the Bifsa congress, Von Hirschberg said SA was facing a situation that was potentially the most serious in its history. "And yet ironically never before have we had an official programme that is more likely to produce political accommodation in this country," he said. Von Hirschberg--who described the current economic situation as the greatest enemy South Africa faced--said the reform measures provided for the full political participation of all communities in government on matters of national concern. In addition, the programme accepted the principle of power-sharing in government decision-making--subject only to the protection of the rights and interests of minorities within SA. "In short, the door is wide open, for the first time in our history, for the achievement of the political aspirations of at least a majority of the population." Von Hirschberg said the disturbances within the black community were instigated by revolutionaries and radicals committed to a strategy of violence against moderate blacks in an effort to coerce them into rejecting negotiation. [Text] [Johannesburg BUSINESS DAY in English 29 Oct 85 p 3] /12828

CUSA, AZACTU MERGER--The possibility of a merger has arisen between the Council of Unions of South Africa (Cusa) and the Azanian Confederation of Trade Unions (Azactu). Cusa and Azactu representatives met at the weekend to explore common ground. A spokesman said today a sub-committee had been established "to examine the future of South Africa's working class." Delegates agreed on broad principles for the union movement which included: Worker control.

Black leadership. Acceptance of white involvement at "grassroot" level.

Independent action of the unions within a federation. Non-affiliation to political groups. The spokesman said unions already affiliated to political groups would not, however, be asked to end such ties. Closer co-operation between Cusa and Azactu has been predicted by union-watchers since the two federations left unity talks aimed at establishing a "super federation" of all emerging unions. Their main objection was the principle of non-racialism which is one of the cornerstones of the super federation. The federation, which is expected to have a membership of nearly 500000, the biggest in the history of the black labour movement, is to be launched in Durban in about three weeks' time. [Text] [Johannesburg THE STAR in English 6 Nov 85 p 3] /12828

MERCEDES-BENZ INVESTS--Daimler-Benz AG's supervisory board has decided to increase the capital of its 51 percent owned unit (Mercedes-Benz of South Africa) to R150-million from R2,5-million at the end of 1984, Daimler sources told Reuters. A company spokesman would not comment on the report but said an "adjustment in capital structure" had been under consideration for some time in line with planned production investments in South Africa. Daimler's 1984 annual report puts the subsidiary's capital at R2,5-million. Minority shareholders in Mercedes-Benz of South Africa are an unnamed South African bank and a Swiss foundation. Shareholding percentages in the subsidiary will remain unchanged after capital is increased to R150-million, the sources said. The supervisory board decision had been taken in spite of objections by employee representatives on the board that the capital increase would amount to support for the SA Government and its apartheid policies. [Text] [Johannesburg THE CITIZEN in English 11 Nov 85 p 25]/12828

OLIVETTI INVESTMENT--Olivetti South Africa has underlined its commitment to staying in this country by announcing that it is to start local manufacture of its personal computer range in March/April next year. "We are starting to assemble the necessary equipment at our present factory in Robertsham, Johannesburg this month. It is a multi-million rand project and we are going it alone--in other words no other company or group will be involved," Dr Paolo Tosi, MD of Olivetti South Africa said. Olivetti's typewriter factory in Robertsham is being expanded to accommodate the computer plant. "We plan to start production slowly, making sure the quality remains high. At present we produce some 8000 electronic typewriters a year at Robertsham and our initial target is 7000 PCs. We will manufacture our present range of PCs there and we have some more models in the pipeline," he said. While the company is looking primarily at the local market, Dr Tosi does not exclude the possibility of exporting. [Text] [Johannesburg THE CITIZEN in English 11 Nov 85 p 25] /12828



KRUGERRAND BAN IMPACT--NOTTINGHAM ROAD--South Africa stood to lose about R940-million in foreign exchange if the US ban on Krugerrands was extended worldwide, Mrs Helen Suzman said last night. The PFP MP for Houghton said the US ban was "no peccadillo". South Africa had sole 450 million dollars' worth of Krugerrands to the US last year, against 700 million dollars in 1983. "If this ban should become worldwide, it could mean the loss of some R940-million in foreign exchange," she said. [Text] [Johannesburg THE CITIZEN in English 7 Nov 85 p 3] /12828

SOUTHERN CAPE WELCOMES GAS ANNOUNCEMENT--Johannesburg, Nov 14, SAPA--The announcement this afternoon by the state president, Mr P.W. Botha, about the development of the gas fields at Mossel Bay has been greeted with elation in the southern cape, SABC radio news reports. The chairman of the Afrikaanse Sakekamer [Afrikaans Chamber of Commerce] at Mossel Bay, Mr Jan Wandrag, said there would be an economic upswing in the area and that the development would make South Africa less dependent on foreign oil. It would also ease the problem of unemployment in the southern cape. [Text] [Johannesburg SAPA in English 1509 GMT 14 Nov 85] /9599

PLAN TO TRAIN MORE COPS--Plans to nearly double the police force over the next 10 years will not lead to a drop in training standards, says a police spokesman. The Minister of Law and Order, Mr Louis le Grange, announced at the weekend that the force would be expanded to nearly 87,000 men and women within the next 10 years. This is an increase of about 40,000 people. In recent years the force has been unable to meet its actual staff requirements and according to the most recent annual report of the Commissioner of Police, General Johan Coetzee, the force was understaffed by nearly 900. Staff losses during the year to June 1984 were 2,623 men and women, and 6,426 new recruits and ex-policemen joined the force. This would indicate that the force increased at a rate lower than that required by the Minister to meet the required complement by 1995. Asked whether the need to expand the force rapidly would lead to a drop in standards, a police spokesman in Pretoria said the training courses would be kept the same although it was possible that a week of training for a passing-out parade could be dropped. The spokesman said recruiting was going exceptionally well and that more than 4,500 applications to join the force were being processed. [Text] [Johannesburg SOWETAN in English 15 Nov 85 p 2] /9274

TRAINEES LACK ENGLISH USAGE--A recent survey conducted at 52 black teachers' training colleges showed that the average reading age in English of the students was the equivalent of a nine-and-a-half-year-old. According to the national director of the Read Educational Trust, Mrs Cynthia Hugo, the poor reading ability of black student teachers was very serious. "If teachers read at this level they are unable to communicate effectively in English, the medium of instruction, due to an inadequate vocabulary and understanding of the language. "Nor are they able to handle the subjects in their curricula satisfactorily. They cannot teach adequately or even cope with text book information," said Mrs Hugo. Library facilities at the colleges were very poor, Mrs Hugo said. "Without proper library facilities, student teachers cannot develop the self-confidence which comes from knowing a subject and having sufficient background knowledge to be above the level of the pupil." In the next few months Mrs Hugo said Read, with the support of the private sector, planned to establish resource centers at each of the country's 52 black colleges of education. Companies wanting to contribute to the creation of source centres in the colleges should contact Mrs Hugo. The telephone number at Read is 880-1100. [Text] [Johannesburg SOWETAN in English 15 Nov 85 p 2] /9274



SWAZILAND

COUNTRY'S POLITICAL SCENARIO ANALYZED

Johannesburg THE STAR in English 4 Nov 85 p 12

[Article by Gerald L'Ange: "Swaziland Premier Will Wield the Real Power"]

[Text]

From having the status of a figure-head, the position of Prime Minister in Swaziland has suddenly become an extremely powerful one politically.

The prime minister's powers have been enormously increased as a result of the recent palace coup in which the group that had dominated the country for the past few years was deposed and ultimate control restored to the monarchy.

There is some doubt, however, about which individual is going to exercise the new prime ministerial powers.

Knowledgeable sources believe the post will be retained by the present incumbent, Prince Bhekimpi, despite a desire by some Swazis to see his exiled predecessor, Prince Mabandla, reinstated.

Prince Mabandla was dismissed during the regime of the politicians, Prince Mfanasibili and Dr George Msibi, who were thrown out in the palace coup. In his place they appointed Prince Bhekimpi.

Bhekimpi was initially regarded by many as a stooge of the ruling clique and when they were ousted it was widely expected that Mabandla would be recalled from exile in Bophuthatswana to resume the post.

These expectations were heightened by a recent report that a deputation from Swaziland had visited the prince at Mmabatho and urged him to return to Swaziland. It was not clear whether he was being urged to seek the premiership or just return home.

Prince Bhekimpi, however, has since his appointment as prime minister established a reputation for ability and integrity that makes many

Swazis want him to keep the post, according to knowledgeable sources.

A recently gazetted change in the political structure is considered by knowledgeable observers here to have vastly increased the powers of the prime minister and to some extent decreased the influence of the tribal elders.

The Government Gazette notice clipped the wings of the Likoqo, the body around which revolved the power struggle that followed the death of King Sobhuza in 1982. Initially set up purely to advise the monarch, the Likoqo was allegedly given executive powers by Prince Mfanasibili and Dr Msibi that made it a supremely powerful political tool.

In terms of the gazette notice the Likoqo has been deprived of its status as the "supreme council of state" and reduced to advisory status.

It has been deprived of the authority to appoint the deputy head of state. That authority now rests only with the head of state (at present Queen Regent Ntombi pending the enthronement of Crown Prince Makhosetive).

Observers in Mbabane believe the new arrangement creates a relationship between the head of state and the prime minister not unlike that between the British monarch and premier. A difference is that the Swaziland head of state has the power to overrule the prime minister. This is considered unlikely to happen, however.

With the downgrading of the Likoqo there has been an apparent upgrading of the cabinet. The Queen Regent (and later the King) will now rule directly

through the prime minister and cabinet, largely bypassing the tribal elders.

The Queen Regent takes little part in public affairs and Queen Ntombi has never spoken in public since she was appointed in 1983. Her appointment was made by the Liqoqo, which to do so ousted her predecessor, Queen Dzeliwe.

The Liqoqo has now been stripped of its power to depose the head of state and there has been speculation — but nothing more — that Dzeliwe will be reinstated as Queen Regent.

Another result of the recently-gazetted changes is expected to be a decline in the importance of the traditional capital, Lobamba, where the Liqoqo has its offices. More emphasis will now be placed on Mbabane as the

administrative capital.

An intriguing question that has yet to be answered is the extent to which the changes might have been influenced by Crown Prince Makhosetive. Though he is still at school (an exclusive boarding establishment in England) the teenage prince is reputed to have shown considerable firmness in exercising his powers during his recent return home for the school holidays.

When he ascends to the throne, possibly within the next two years, he will assume the near-absolute powers held by his father, King Sobhuza. It appears, however, that under the new dispensation he will be advised less by the tribal elders and the Liqoqo and more by the prime minister and cabinet.

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CSO: 3400/417

SWAZILAND

BHEKIMPI MAKES FIRM STAND AGAINST SANCTIONS

Mbabane THE TIMES OF SWAZILAND in English 29 Oct 85 pp 1, 16

[Article: "Bhekimpi Faces up with Thatcher"]

[Text]

**PRIME Minister, Prince Bhekimpi, has held high level talks with British Prime Minister Margaret Thatcher and King Moshoeshoe II of Lesotho separately in the Bahamas where he is attending the Commonwealth summit.**

It is understood that in both meetings the sanctions issue against South Africa was dominant with Swaziland making a firm stand against sanctions.

Prince Bhekimpi and Mrs. Thatcher discussed the possibilities which may be adopted by the conference towards South Africa.

Prince Bhekimpi and Mrs. Thatcher exchanged views, that of not supporting sanctions against South Africa.

They agreed that instead of sanctions a dialogue should be started.

Prince Bhekimpi also held another private audience with King Moshoeshoe in which matters of mutual concern were discussed.

During the audience, Prince Bhekimpi and

King Moshoeshoe, discussed major issues which were described, "very confidential," related to the proposed declaration by Commonwealth heads of government.

The international media covering the conference was briefed that Botswana and Lesotho have joined the Commonwealth countries to impose sanctions against South Africa.

Prince Bhekimpi has privately indicated that Swaziland will not support the sanctions, despite the call by Commonwealth countries to impose sanctions, with the exception of Britain. The Prime Minister is in the waiting list to address the Commonwealth heads of government about the position of Swaziland on the political developments towards South Africa.

After the Commonwealth meeting, Prince Bhekimpi and part of his delegation will go to New York to attend the 40th anniversary of the United Nations. The Prime Minister will also visit Washington D.C.

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SWAZILAND

TRIBAL FIGHTING OVER BORDER ISSUE DENIED

Johannesburg THE STAR in English 3 Nov 85 p 6

[Article by Jon Qwelane: Swazis Fight Over Border Issue"]

[Text]

IS THERE inter-tribal fighting among Swazis living in the kaNgwane homeland, with one section pressing for unification with the Kingdom of Swaziland and the other vehemently resisting?

The Times of Swaziland says there is, and quotes "reliable sources" in kaNgwane as saying that one man has been hacked to death in a political killing during the "cloak-and-dagger" activities to get control of the homeland.

The newspaper alleges murder, stabbings and shootings of pro-unification Swazis in the homeland, and claims the victims were members of the pro-border re-adjustment Inyatsi Ya Maswati Party which opposes the ruling Inyandza National Movement led by Chief Minister Enos Mabuza.

But Mr Mabuza's party denies there is violence against members of Inyatsi Ya Maswati "for political reasons".

His party said: "We have heard nothing of the allegations of violence. If they are true, which we seriously doubt, we will give every possible assistance to the authorities to bring those responsible to justice. In our movement we uphold the democratic rights of opposition and criticism, and we deplore political violence."

"It is to be regretted that a statesman of Mr Mabuza's stature, who is well known nationally and internationally for his integrity and clean political career, should be associated with such petty political propaganda. Our movement is committed to fair political play and will not be deterred in its declared democratic principles."

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CSO: 3400/417

SWAZILAND

MHLUME SUGAR COMPANY FORECASTS DROP OF 30,000 TONNES

Mbabane THE TIMES OF SWAZILAND in English 30 Oct 85 pp 13, 14

[Excerpt] Mhlume (Swaziland) Sugar Company predicts that they will produce 118-119,000 tonnes of sugar this year, a drop from their last year's production of 148,000 tonnes.

The reasons for this lowered production have been unfavourable weather, and more importantly, the emergence of Eldana, a pest that bores into and eats cane. Eldana spread very rapidly, and if one's neighbours have it in their fields, it's certain to spread into yours, no matter what methods of field hygiene one employs.

Mhlume don't at present see themselves diversifying in anyway to another crop since all of their available land is under cane. However, the manufacture of ethenol is being considered. The company feels that they would be able to supply the fuel needs of Swaziland through the conversion of molasses (which is a by-product of sugar production) into fuel to be mixed with petrol and perhaps diesel.

The 4.432 ha. available for cane production at Mhlume are irrigated by means of concrete furrows which are gravity fed and siphoned off through pipes into the fields, an overhead sprinkled system, and they are currently experimenting with drip irrigation.

Agricultural practices are very important at Mhlume. The soil there is of very poor quality and a great deal of time and money is spent on drainage, scientific soil analysis and, of course, irrigation.

Mhlume has 1,700 employees and all permanent employees are housed by the company on the Estate. In recent years the company has begun a programme to improve the living conditions of its resident employees. They have established a standard of housing which provides, at the minimum, a two bedroom house with living area, kitchen, bathroom and electricity for industrial employees. They are working on establishing this standard for their agricultural employees as well. Housing is awarded on 2 points system determined by position, seniority, length of employment, size of family and such factors.

Training is something which the Mhlume Sugar Company is very committed to. In the past 15 years they have expanded around E4 million in this field. In 1970 the department of training and localisation was established formally, and now the company is 97% localised, having only 48 expatriate members of staff on contract.

A clinic with two doctors provides free medical treatment for all employees and their dependants. In addition there is an effective welfare system, a pre-school and educational facilities for children up through Standard 8 on the Estate.

Everyone knows that all work and no play will make Jack a very dull boy, and the company is no exception. They provide large social centres for their employees where they can go for a drink after work, a swim, play a game of tennis or participate in a game of soccer.

The record production of 145,896 tonnes of sugar at Ubombo in their 1984 season is attributable to much better cane yields being achieved by both the estate and the growers and to an improved overall recovery.

Mill extraction, however, was not as good as could have been expected, since some teething problems were being experienced with the new diffuser installation. These appear to have been resolved, and Ubombo is now in a position to fully benefit from the improvements effected during the 1982 mill expansion. In 1985, they expect to reach their quota.

Ubombos profit before tax in 1984 increased by 32% from 1983 and was by far the most significant contributor to Lonhro's group profit in 1984.

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CSO: 3400/416

ZIMBABWE

## OPTIONS FOR UANC AFTER MUZOREWA'S RESIGNATION

Johannesburg THE WEEKLY MAIL in English 15-21 Nov 85 p 7

[Article by Howard Barrell]

[Text] THE United African National Council (UANC) looks set to collapse completely, following the resignation of its president, one-time Zimbabwe-Rhodesia Prime Minister Bishop Abel Muzorewa.

The result would be the removal of one of the smaller obstacles to Prime Minister Robert Mugabe's plans for a one-party state.

Muzorewa's resignation, conveyed in a letter last month from the United States to UANC vice-presidents Titus Mukarati and Walter Mtimkulu, leaves the UANC without any leadership of any consequence. News of the resignation broke only this week.

In the general election in July this year, the UANC lost the three seats it had won in the pre-independence 1980 poll.

Peace and merger talks between Mugabe's ruling ZANU (PF) party and Joshua Nkomo's ZAPU, which together control all but one of the 80 black seats in parliament, are reported still to be on course. The remaining seat is controlled by ZANU (Sithole), whose leader Ndabini Sithole is in self-imposed exile.

Muzorewa said in his letter of resignation that after the July election result he was no longer able to influence political developments in Zimbabwe and felt he should concentrate on religion. He is leader of the United Methodist Church in Zimbabwe.

Muzorewa is understood to have written a second letter to Mugabe, but its contents are unknown.

Once a key figure in achieving unity among black nationalist parties in order to defeat British proposals for Rhodesian independence, Muzorewa has since become a symbol of the

illegitimacy and inevitable electoral failure of compromise to African nationalist principles.

Briefly Prime Minister of Zimbabwe-Rhodesia, Muzorewa romped home with 51 of the 72 black seats in the pre-independence elections of April 1979 which excluded Mugabe's and Nkomo's parties.

But his energetic prosecution of the war against ZANU and ZAPU and his failure to bring peace to the country rapidly eroded his support.

Immediately after casting his ballot in this year's election, Muzorewa slipped out of Zimbabwe via Malawi without waiting for the results to be announced. He is now believed to be in Tennessee in the United States.

UANC Secretary General Edward Mazaiwana said this week the remaining party leadership expected Muzorewa to return to Zimbabwe soon, but understood Muzorewa has asked his church for sabbatical leave. If granted, this would mean his return to Zimbabwe in only 1987.

Meanwhile, it is understood his leadership of the United Methodist Church is also in doubt. The church is reported to be unhappy about his long absence.

There are two main options before the UANC: To call a special congress to elect a new leadership, or to disband.

A senior UANC source said this week neither Mtimkulu nor Mukarati had been in touch with the UANC office in Harare since receiving Muzorewa's letter of resignation last month.

Observers consider that this inertia in response to Muzorewa's resignation and the party's lack of parliamentary representation foreshadows the party's dissolution.

ZIMBABWE

BRIEFS

ONE-PARTY PLAN ADVICE--Harare--West German parliamentarians, concluding a symposium with their Zimbabwean counterparts in Harare, have disagreed strongly with plans to introduce a one-party state. "We had a bad experience of a one-party state under Hitler and we see a need for an opposition in a multi-party system," the vice-chairman of Bonn's Bundestag, Heinz Westphal, said at the closing session. Zimbabwe's only surviving independent newspaper, the FINANCIAL GAZETTE, yesterday expressed anxiety about plans for "one-party democracy" outlined to the symposium earlier this week by Justice Minister Eddison Zvobgo. An editorial said Zvobgo's prediction, that the rights of the individual would be subjugated to those of society "in the interests of society", was depressing. "A correct translation of what he said, particularly within the framework of a one-party state, would be that the interests of the individual will be subjugated to those of a party," said the FINANCIAL GAZETTE. [Text] [By Michael Hartnack] [Johannesburg BUSINESS DAY in English 11 Nov 85 p 8] /9274

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